REPORT TO CABINET

Open – Report		Would any decisions proposed:	
Any especially affected Wards N/A	Mandatory	Be entirely within Cabinet's powers to decide Need to be recommendations to Council Is it a Key Decision	YES NO YES

Lead Member: Cllr Paul Kunes E-mail: *cllr.paul.kunes@west-norfolk.gov.uk*	Other Cabinet Members consulted: Cllr Brian Long Other Members consulted:
Lead Officer: Stuart Ashworth E-mail: *stuart.ashworth@west-norfolk.gov.uk* Direct Dial: 01553 616417	Other Officers consulted: *Senior Management Team,Duncan Hall, Dave Robson, Henry Saunders, Michelle Drewery, Tony Hague, Matthew Henry*

Financial Implications YES	Policy/ Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment NO If YES: Pre-screening/ Full Assessment	Risk Management Implications NO	Environmental Considerations YES

Date of meeting: 16 March 2021

PUBLIC SECTOR DECARBONISATION SCHEME

Summary

The purpose of this report is to update Cabinet on grants the council has been awarded, from the Department of Business, Energy & Industrial Strategy (BEIS), and to seek approval to enter into a contract to undertake the project to utilise those grants. The grants received are from the Government's £1 billion Public Sector Decarbonisation Scheme (PSDS) fund, and are for the provision of non/low carbon generating technologies, such as solar PV and air and ground source heat pumps, within several council owned buildings. It is a continuation of the council's programme of decarbonising its estate, which is taking place through the Re:Fit programme.

Two bids were submitted in two separate bidding rounds, with the first round bid for £2,838,546 approved by BEIS in January. On 22 February, the council also received confirmation that the second round bid has also been approved, subject to conditions, which is for a further £1,013,138. The total grants that have been received from the PSDS fund is therefore £3,851,684.

In addition, as this is a continuation of the Re:Fit programme the council is undertaking, the council will utilise the existing agreement with our Re:Fit partners, Ameresco, plus a new JCT Design & Build contract, to complete the project. As the value of the works is over £500,000, albeit this is 100% grant funded, further Cabinet approval is sought.

Recommendation

1) As the value of the required separate contract is above £500,000 for these extra grant funded works, that Cabinet approve the utilisation of our existing Re:Fit delivery partners, Ameresco, to deliver the project on behalf of the council.

2) That Cabinet notes and endorses the utilisation of the grant awarded under the Public Sector Decarbonisation Scheme, subject to the granting of any specific consents required for any of the buildings.

Reason for Decision

To ensure the delivery of the project within the relatively stringent timescales set out by the terms of the grant from the Department of Business, Energy & Industrial Strategy (BEIS).

1.0 Background

1.1 Members will be aware of the council's Re:Fit programme, as it seeks to reduce carbon emissions from its estate. The Re:Fit programme has involved works including the provision of solar photovoltaics, and building fabric improvements such as extra insulation. Late last year, an opportunity arose for the council to submit two bids to the Government's £1 billion Public Sector Decarbonisation Scheme (PSDS) fund, for technologies and works to further support the decarbonisation of the council's public buildings. One bid was submitted at the end of November 2020, and the other on the 11th January 2021. Each bid included several council buildings. The choice of buildings was based on those considered to be appropriate, but there were also timescale constraints in assessing particular buildings, for what was a very technical bid, even at this High Level Assessment (HLA) stage. In essence those buildings we were able to technically assess first, within the tight timescales available, were submitted as part of the first bid. The remaining buildings formed part of the second bid.

1.2 The £1 billion scheme was heavily oversubscribed, with £2.4 billion worth of bids coming forward from Local Authorities and other public sector organisations, including central government departments.

1.3 The council's first bid for £2.84 million has been successful. This has been formally confirmed in writing, and the grant will be paid in the form of a S.31 grant (of the Local Government Act). This effectively means that the money will be paid to the council up front in this financial year, rather than the usual method of carrying out the work, and then claiming monies back.

1.4 Seven buildings were included in the first round application, which was a High Level Assessment (HLA), as per the format of the bid. The buildings/sites and the proposed technologies are:

- Lynnsport - Solar Photovoltaics (SP) & Air Source Heat Pump (ASHP)
- Downham Market Leisure Centre – Ground Source Heat Pump (GSHP)
- St James' Pool - ASHP
- King's Court – ASHP, Timerclock controls
- Fairstead Community Centre – Loft insulation improvement, SP, ASHP
- Valentine Road offices, Hunstanton – Timerclock controls, SP, Loft insulation improvement, GSHP
- Council Depot (Factory 1), Hardwick – SP, cavity wall insulation improvement, GSHP

1.5 On 22 February, the council was notified that subject to meeting some further technical questions, the second bid for a further 4 council buildings had been successful. The second round bid covered the following buildings and technologies:

- Oasis, Hunstanton - Air Source Heat Pump (ASHP)
- Guildhall, King's Lynn – ASHP
- South Lynn Community Centre -ASHP, Solar PV
- Dutton Pavillion – Ground Source Heat Pump (GSHP)

1.6 The reduction in carbon emissions from the overall project is estimated at a total of 494 tonnes per annum.

1.7 As stated above the bid was submitted on the basis of a High Level Assessment (HLA). The project now moves to the more detailed Investment Grade Proposal (IGP) stage, and then project delivery. The IGP stage is crucial as it is a more detailed design stage, and any technical issues or problems will be evident at this stage.

1.8 The Council has already carried out previous works to some of its buildings under its 'Re:Fit' programme. In 2018, following a competition through the National Framework Agreement for Energy Performance Contracting, Ameresco Ltd were appointed to undertake the initial High Level Appraisal and then subsequently an Investment Grade Proposal (IGP) on 15 council buildings. The appointment was via a call-off contract from the National Framework, which was agreed by Cabinet in November 2018. The contract allows for multiple phases of IGP's and works contracts, and will need to be utilised to deliver this project, given Ameresco Ltd's work to date on submitting the bid (HLA) on behalf of the council, detailed knowledge of the council buildings, and importantly the timescales involved in delivering the project.

1.9 Any underspend on the project will need to be returned to BEIS. Any overspend will need to be a cost to the council. Please note that should costs of a particular building suddenly and unexpectedly rise, the council can decide not to do that element of the scheme, and return the grant to BEIS. However, under the rules of the Re:fit framework, Ameresco is not able to go over the cost stated in the grant application unless the savings are also increased, i.e. a change of scope. This will need to be put forward and authorised by the council so an overspend scenario is unlikely.

2.0 Project Timescales and Delivery

2.1 The timescales and milestones for the project are relatively tight. These are conditions of the grant funding. The main initial milestone is that there must be a start on the project by 31/3/21. A start however can be appointing consultants to carry out the project, rather than physical works. The project should finish by 24/9/21, although it was accepted that practically this will be difficult for many organisations, for example some councils have buildings in the project that are currently Covid vaccination centres. Any extension to the 24/9/21 deadline would have to agreed with BEIS or their representatives.

2.2 As described above, the council's current developer partner on the Re:Fit project, Ameresco Ltd, have undertaken a great deal of work on the project to date and submitted the bid on behalf of the council. A more focussed project team has now been pulled together, involving council officers, our advisors at Local Partnerships, and Ameresco Ltd, to seek to deliver the project.

3.0 Other issues

3.1 The overall costs of utility bills will rise initially at some sites (by an estimated total of £9500 initially, with this figure being subject to confirmation once final design is completed), but gradually this will turn into projected savings from 2024. This is because the current price of gas is relatively low in comparison with electricity prices. This will increase, especially as the Government imposes future carbon taxes. In addition it should be noted that some of the old equipment would need to be replaced in any case in time, some of it relatively soon, and there would be potentially significant costs associated with that. Finally, it should also be noted that the Government also plans to phase out gas boilers to achieve Net Zero Carbon by 2050.

4.0 Options Considered

A. Do nothing and do not utilise the grant

This would be wholly illogical given the significant grant offer made, and the opportunity to reduce the council's own carbon emissions with little, if any cost to the council. This approach was considered but is not supported.

B. Utilise the grant to deliver the project

The grant allows the council to reduce carbon emissions by the provision of heat decarbonisation and through electricity generating technologies, with little or no cost to the council. It will also allow the council to further its Refit programme. This approach is endorsed.

5.0 Policy Implications

5.1 The project will be in accordance with the council's climate change agenda and policies.

6.0 Financial Implications

6.1 The project will be delivered by 100% grant funding. There may be a small cost for extra utility bills in the short-term, as detailed above.

7.0 Personnel Implications

7.1 Other than officer time to complete the project there are no other personnel implications.

8.0 Environmental Considerations

8.1 It is considered that these will be very positive, as it will lead to a reduction in carbon emissions from a number of council buildings.

9.0 Statutory Considerations

9.1 The procurement of the JCT works contract within the existing agreement with Ameresco, is compliant with the Public Contracts Regulations 2015.

9.2 Any necessary consents, such as District Network Operator (DNO) or Listed Building Consent (LBC) will need to be obtained. If they cannot be obtained, then that aspect of the project may not go ahead.

10.0 Equality Impact Assessment (EIA)

10.1 There are no EIA implications.

11.0 Risk Management Implications

11.1 There is no financial risk to the council although if during the more detailed Investment Grade Proposal (IGP) stage particular issues come up which mean part of the project cannot be delivered in time, then any unspent grant monies would need to be returned to Government.

12.0 Declarations of Interest / Dispensations Granted

12.1 None.

13.0 Background Papers

Guidance on submitting a bid to the Public Sector Decarbonisation Scheme fund

Pre-Screening Equality Impact Assessment

Borough Council of King's Lynn & West Norfolk

Name of policy/service/function	Proposed utilisation of Government grant awarded for the continuing decarbonisation of Council owned buildings
Is this a new or existing policy/ service/function?	New
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service is rigidly constrained by statutory obligations	To continue to decarbonise the council's stock of buildings. In this case utilising Government grants that have been awarded. Yes – Must be spent in accordance with the terms and conditions of the grant.

Question	**Answer**				
1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups **according to their different protected characteristic**, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service? Please tick the relevant box for each group. NB. Equality neutral means no negative impact on any group.		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			x	
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
	Other (eg low income)			x	

Question	Answer	Comments
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No	
3. Could this policy/service be perceived as impacting on communities differently?	No	
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No	
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	No	**Actions:** N/A **Actions agreed by EWG member:** **……**
If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary: **Decision agreed by EWG member: ……..**		
Assessment completed by: **Name Stuart Ashworth**		
Job title Assistant Director – Environment & Planning		
Date 22/2/2021		