

# EXECUTIVE BOARD DECISION



**REPORT OF:** Executive Member for Finance and Governance

**LEAD OFFICERS:** Strategic Director of Place

**DATE:** Thursday, 11 March 2021

**PORTFOLIO(S) AFFECTED:** Finance and Governance

**WARD/S AFFECTED:** (All Wards);

**KEY DECISION:** Y

## SUBJECT:

Public Sector Decarbonisation Scheme

### 1. EXECUTIVE SUMMARY

The Council has been awarded a capital grant of £2.25m from the Government's Public Sector Decarbonisation Scheme to implement energy efficiency and renewable energy schemes in the Council's estate. The report seeks approval to accept the award.

### 2. RECOMMENDATIONS

That the Executive Board:

Approves acceptance of the grant and to add the scheme to the capital programme for 2021/22.

### 3. BACKGROUND

The Public Sector Decarbonisation Scheme is a capital grant to help public sector organisations to decarbonise their estate, in particular to decarbonise heat generation. The Government's £1bn scheme was announced in October 2020 and bids invited by 11th January 2021 for schemes to be implemented by 30th September 2021.

A Low Carbon Skills Fund was launched at the same time to provide resource to purchase specialist help for scheme development where this did not exist in-house. The Council secured a grant from this fund on 9th December and commissioned Capita to assist with project development.

A bid for £2.25m was submitted on 11th January 2021. The programme comprises 10 buildings and 5 technologies:

Site	Heating	Lighting	Solar	BMS	UPS
<b>Allocation</b>	£792,061	£738,816	£431,794	£174,160	£116,140
Blackburn Technology Management Centre	✓	✓	✓	✓	
Eanam Wharf Business Development Centre	✓	✓		✓	
Blackburn Enterprise Centre			✓	✓	
Blackburn Leisure Centre			✓	✓	
Darwen Leisure Centre		✓	✓	✓	
Witton Park Sports Arena			✓	✓	
Blackburn Market		✓		✓	
Darwen Market		✓		✓	
Blackburn Central Library		✓		✓	
Data Centre			✓	Depot ✓	✓

**Heating:** Replacement of 30 year old storage heaters with heat pumps.

**Lighting:** Replacement of fluorescent lights with LEDs.

**Solar:** Installation of solar PV arrays on roofs.

**Building Management Systems (BMS):** Replacement of obsolete equipment and upgrading of end of life units to provide better environmental control.

**Uninterrupted Power Supply (UPS):** Replacement of inefficient equipment at the Data Centre.

The cost per tonne of CO<sub>2</sub> saved is below the threshold set by the grant. The bid has been approved on the basis of this programme and so is fixed.

The programme is expected to save 290 tonnes of carbon dioxide a year and reduce energy bills by c. £200,000 pa. The Decarbonisation Programme will contribute to the Council's Climate Emergency Declaration to be carbon neutral by 2030. It will reduce emissions from the Council's estate by around 5%.

Due to the huge volume of applications (the national programme was over-subscribed to £2.3bn) Salix Finance, the scheme administrators, negotiated a different approach with Government. Instead of a grant awarded by Salix, a S31 grant has been awarded, meaning the Council will receive the funding in advance and not in arrears. The implementation period has been extended to 30th September 2021.

Capita will project manage the technical aspects of programme delivery. The project team will comprise officers from Place and Finance. Martin Kelly, Strategic Director of Place, is the senior sponsor for the project.

As a separate point, in accepting the grant the Council commits to the preparation of a heat decarbonisation plan by September 2021. This is a welcome obligation as it will help the Council to identify and plan for the replacement of heating infrastructure to contribute to its own carbon neutral objective and prepare for changes in policy and regulation from Government. Preparation of a decarbonisation of heat plan does not commit the Council to its implementation.

#### **4. KEY ISSUES & RISKS**

The principal risk is failing to complete the programme on time. Over-runs may be negotiated with the fund administrators, but there is no guarantee of an extension being granted. Tight project management of what is believed to be a manageable programme is essential and feasible with the Project Team in place.

Programme costs are reasonably robust, given the speed of development with Salix, as they are based on quotations, market prices and specialist knowledge and the programme will be managed to ensure it remains within budget and meets its objectives. It is a condition of the grant that firm costs along with other details are supplied to Salix. Therefore there will be an opportunity to re-negotiate on the details of the programme, if this is needed. The grant allocation will not, however, be increased. The Council's carbon management programme capital allocation could be used to top-up the fund if considered necessary and or to extend programme benefits. Any such request would be the subject of a further report to the Executive Board.

Should the programme come in under budget that portion of grant would be returned to Government.

#### **5. POLICY IMPLICATIONS**

The programme helps to implement the Council's Climate Emergency Action Plan and Declaration to be carbon neutral by 2030 by reducing emissions of carbon dioxide from the Council's own estate.

## 6. FINANCIAL IMPLICATIONS

All capital expenditure will be met from the S31 grant from the Public Sector Decarbonisation Scheme. The Council is required to sign a grant acceptance letter.

## 7. LEGAL IMPLICATIONS

The expenditure of the grant will be made in accordance with the Councils Contract and Procurement Procedure Rules.

## 8. RESOURCE IMPLICATIONS

Time, expertise and commitment will be required from officers from Place and Finance until the project concludes.

## 9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

## 10. CONSULTATIONS

N/A

## 11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

## 12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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<b>DATE:</b>	26 <sup>th</sup> February 2021
<b>BACKGROUND PAPER:</b>	