



EXECUTIVE MEMBER DECISION

REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Strategic Director of Growth & Development
DATE:	31 January 2024

PORTFOLIO/S AFFECTED:	Departments
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WARD/S AFFECTED:	(All Wards);
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SUBJECT: Award of Grant from the Heat Networks Delivery Unit

1. EXECUTIVE SUMMARY

The Council applied for and has been awarded a grant by the Heat Networks Delivery Unit towards the cost of undertaking heat zoning and a techno-economic feasibility study of heat networks in Blackburn and Darwen. Approval to accept the grant is requested from the Executive Member for Growth & Development.

2. RECOMMENDATIONS

That the Executive Member approves acceptance of the award of grant from the Heat Networks Delivery Unit.

3. BACKGROUND

The Council declared a climate Emergency in 2019 and pledged to work towards becoming carbon neutral by 2030. Included within the supporting Climate Emergency Action Plan is an objective to cut emissions from the heat supply to Council buildings.

A Heat Decarbonisation Plan (HDP) prepared in Q4 of 2022/23 for 13 of the Council's highest energy consuming buildings concluded that heat networks would be more efficient than individual heat pumps in each building. All but two of the buildings are located in either Blackburn or Darwen town centre. The conclusion reinforced a heat mapping and master-planning study undertaken in 2019 that identified potential networks in the borough, but which wasn't followed up due to lack of resource and then the outbreak of Covid-19. The cost of producing this study was funded by a grant of £26,281 from the Heat Network Development Unit in 2018/19.

Heat networks (also known as district heating) supply heat from a central source to consumers, via a network of underground pipes carrying hot water. Heat networks can cover a large area or a small cluster of buildings. They can be expanded over time and heat 'off-takers' other than Council can connect to them.

Further, detailed work is needed to test and check the initial findings and to undertake a detailed technical and economic analysis that provides the Council with sufficient information to determine whether to invest in progressing the scheme(s). The work involves:

1. Heat Network Zoning:

To identify potential strategic heat network zone(s) and determine potential core heat networks in the borough, which based on detailed technical and economic analysis, offer the lowest cost solution to consumers, in accordance with Heat Zoning Technical Specification section 3.

The Technical Consultant will be working with client and stakeholders to collect local data that will add to and improve the data within the HNDU/DESNZ heat network zoning model for this area.

2. Techno-Economic Feasibility of Core Heat Networks:

To develop a clear set of recommendations, based on detailed technical and economic analysis, as to the feasibility of developing a low-carbon heat network scheme(s) for the borough, how it may be expanded in the short and long terms to align with the Heat Network Zoning ambitions identified in the first stage of works.

The Heat Network Delivery Unit (HNDU) offers financial assistance to undertake heat network viability assessment. An application for assistance was submitted to Round 13 of the fund in October 2023. The Council received notification of an award on 22nd January 2024:

- £67,000 zoning and feasibility
- £29,880 project management

HNDU's threshold value for feasibility for a borough of the size of Blackburn with Darwen is £100,000. The Unit will fund 67% of the cost, requiring 33% match from the grant recipient. An allocation of match funding, capped at £33,000, has been made for this purpose from the Climate Emergency Action Plan budget. The award is therefore up to £67,000, depending on the actual cost of the work (to be tendered). The match funding amount will be adjusted accordingly.

No match is required for the project management element. The allocation should meet the cost of external project management, bringing in heat network expertise that the Council does not have, for the duration of the study.

To accept the grant the Council must sign a non-legally binding Memorandum of Understanding with the Department of Energy Security and Net Zero. The MoU sets out the grant conditions and reporting requirements. These are as would be expected of a grant from a government department.

On acceptance, an invitation to tender will be issued on the Chest to find a technical consultant to undertake the work, which is expected to take 6 months.

4. KEY ISSUES & RISKS

Acceptance of the grant will enable the Council to undertake preliminary work on heat networks, through which the Council may be able to decarbonise the heat supply to some of its buildings, an objective of its Climate Emergency Action Plan. The grant helps to stretch its limited resources.

The conditions attached to the grant are reasonable and achievable. The Council is required to account for the use of the funding and to submit regular reports to the Heat Network Delivery Unit. This is standard practice for any grant award.

Acceptance of the grant does not oblige the Council to deliver a heat network.

5. POLICY IMPLICATIONS

Acceptance of the grant will allow the Council to pursue one of the priorities in its Action Plan to address the Climate Emergency.

6. FINANCIAL IMPLICATIONS

Cost to the Council will be up to £33,000, which is the match funding required as a condition of the grant. This cost will be met from the Climate Emergency budget.

7. LEGAL IMPLICATIONS

Acceptance of the grant requires the Council to sign a non-legally binding Memorandum of Understanding with the Department of Energy Security and Net Zero. The MoU has been reviewed by the Legal Department and the terms and conditions deemed acceptable.

Procurement of the work described will need to be in accordance with the Public Contract Regulations 2015 and the Council's Contract Procurement Procedure Rules.

8. RESOURCE IMPLICATIONS

The works for which the grant has been awarded will require input from staff in the Growth & Development Department. The time requirement will be reduced by appointment of an external project manager for the duration of the project, which is funded by the grant.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

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. *(insert EIA link here)*

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. *(insert EIA attachment)*

10. CONSULTATIONS

None

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 and published if applicable.

VERSION: 1

CONTACT OFFICER:	Gwen Kinloch
DATE:	23 rd January 2024
BACKGROUND PAPER:	