

<b>Report title</b>	<b>Salix Public Sector Low Carbon Skills Fund Phase 5 Bid</b>
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<b>Department</b>	Planning, Economy & Built Environment
<b>Exempt?</b>	No

**Purpose of report:**

To resolve

**Synopsis of report:**

The Public Sector Low Carbon Skills Fund provides grants for public sector bodies to access skills and expertise to unlock heat decarbonisation on their estate. The scheme is run by the Department for Energy Security and Net Zero, with Salix Finance as a delivery partner. Runnymede Borough Council (the Climate Change Team working with RBC's Bid Writer and officers in Community Services and Assets and Regeneration) has submitted a bid through this scheme to carry out feasibility studies and produce a Heat Decarbonisation Plan for Woodham and New Haw Day Centre, and to progress the existing Heat Decarbonisation Plan for Manor Farm Day Centre through to the detailed design stage (RIBA 4A). The total value of the bid submitted through this scheme is £255,700 with an outcome on the success of the bid expected towards the end of July 2024.

This report outlines the bid made by officers and how this scheme fits within the Council's decarbonisation plans to achieve operational net zero by 2030. The Committee is asked to note that officers have submitted this bid to Salix for their consideration, and are asked to agree that should the bid be successful, approve officers to conduct a procurement exercise for this work within the stated timescales.

**Recommendation(s):**

That the Corporate Management Committee:

1. Note details of the Council's submitted bid to the Public Sector Low Carbon Skills Fund Phase 5 for a total value of £255,700.
2. Approve the procurement and agreement of contract terms if the Council is successful in securing funding through the Phase 5 Low Carbon Skills Fund.

**1. Context and background of report**

1.1 The Council's building estate accounts for a significant proportion of the current greenhouse gas emissions produced by the Council's operations. According to the Runnymede Borough Council Greenhouse Gas Emissions Report 2022-23, presented to Corporate Management Committee on 18 April 2024, the Council's owned and operational buildings (a combination of operational, sheltered housing & communal use, and community sites) made up 49% of

the Council's total scope 1&2 emissions for the 2022-23 financial year, (scope 1 sources originating from sources owned and controlled by the council and scope 2 sources originating from consumption of purchased electricity, steam, or other sources of grid generated energy). Reducing emissions from the Council's building estate is essential to meet the objective of achieving net zero operational emissions by 2030.

- 1.2 At Full Council on 29 February 2024, the Council's Climate Change Action Plan was approved. The Plan describes how the Council will work towards reducing carbon emissions from Council operations to net zero by 2030. Action ID 1.5 of the Action Plan states that the Council will "decarbonise operational estate (non-housing)" including community centres.
- 1.3 The Council has made progress in securing funding to work towards its target of making all Council owned housing minimum EPC C rating by 2030, obtaining £1.79M through the Phase 1 Local Authority Delivery Scheme (LAD1B), and a further £1.25M through the Social Housing Decarbonisation Fund Wave 2.2. Through a consortium with Surrey County Council and Action Surrey as a delivery partner, the Council also obtained funding from Phase 2 & 3 of the Local Authority Delivery (LAD) Scheme and Phase 1 & 2 of the Home Upgrade Grant (HUG). However, there has not been similar success towards securing funding towards the decarbonisation for the Council's operational or community buildings to date, which is essential to meet the target of operational net zero by 2030.
- 1.4 Works to decarbonise buildings require significant research, analysis, and evaluation of the most practical, effective and cost-effective methods for eliminating emissions. Such activity comes at a high cost, as do any capital works to then carry out the identified initiatives on site. For example, under the Phase 3 Local Authority Delivery scheme (mentioned in paragraph 1.3), the installation of 60 energy efficiency measures in on-gas properties totalled £358,497 for an estimated emissions saving of 17.4TCO<sub>2</sub>e/year (or 4.58TCO<sub>2</sub>e/year per £100,000 spent). As such, identifying and securing funding through grants is a key method to be used to try and obtain the required finances for this work. Action ID 7.2 of the Council's Climate Change Action Plan states that the Council will "Seek funding opportunities which support emissions reductions from Council operations and across Runnymede and support the delivery of actions within the Climate Change Action Plan".

## **2. Report and, where applicable, options considered and recommended**

- 2.1 The Public Sector Low Carbon Skills Fund (LCSF) provides grants for public sector bodies to access skills and expertise to unlock heat decarbonisation on their estate. The scheme is run by the Department for Energy Security and Net Zero, with Salix Finance as a delivery partner. Phase 5 of the scheme has made £16 million available to create heat decarbonisation plans (HDP) to prepare for heat decarbonisation and energy efficiency works.
- 2.2 Following a review of existing Council assets that may be suitable to undertake heat decarbonisation planning work, Manor Farm Day Centre and Woodham & New Haw Day Centre have been included as part of the LCSF Phase 5 bid. The total bid value is £255,700. No match funding is required from the Council if the bid is successful. A successful bid has the potential to contribute to delivering emissions savings of up to 71.77TCO<sub>2</sub>e per year (although this would be following the subsequent delivery of the required capital works). While the preference would have been for officers to seek Committee approval before submitting this bid, discussions about potentially submitting a bid for this fund did not begin until early April 2024 with a quotation only being received from consultants to underpin the preparation of a bid on 17<sup>th</sup> April 2024. The 2 May 2024 was the bid submission deadline. As such, there was not the opportunity to seek committee advice during this period and details of the bid are being provided retrospectively.

- 2.3 Manor Farm Day Centre has a gas boiler system which is 27 years old (fossil fuel heating systems older than 10 years are considered 'end of life' and therefore eligible for funding under the LCSF). The site produces an estimated 36.97TCO<sub>2e</sub> per year from gas and electricity usage, the second highest emitting scope 1&2 community building in the Council's estate. The condition of applicable technologies, including the heating controls, wall insulation, roof insulation, windows, and lighting, is all noted as 'Poor' to 'Fair', requiring short (within the next 5 years) to medium-term (within the next 5-10 years) action.
- 2.4 As part of a previously identified underspend, feasibility studies have already been conducted and an HDP produced for Manor Farm Day Centre. This analysis provided an appraisal of potential decarbonisation solutions, estimated costs of the capital works, and a delivery plan. As the site has already undergone this activity, it is eligible under the LCSF to apply for funding for Stage 3 detailed design work, which serves as a blueprint for the practical implementation of heat decarbonisation strategies, guiding construction, installation, and ongoing maintenance activities.
- 2.5 The Council's bid for Manor Farm Day Centre focusses on funding these detailed design works, including a specialist site survey, undertaken by a specialist supplier and relevant technical experts. The key activities to be performed as part of this work include a review of the existing HDP, development of a building energy model, technical surveys, development of a detailed cost plan, and a range of activities associated with meeting the requirements of the Royal Institute of British Architects (RIBA) Stage 3 and Stage 4a specification.
- 2.6 The costs for this work are estimated at £11,500 for the technical site survey, and £218,500 for the detailed design work, a total of £230,000. This estimate has been provided by an expert consultancy company which has previously worked with the Council on similar activities. The full value of the works has been bid for by officers as part of the LCSF Phase 5 and has a 10% contingency built in for any unexpected cost increases or additional activity.
- 2.7 Woodham & New Haw Day Centre has a gas boiler system which is 31 years old (fossil fuel heating systems older than 10 years are considered 'end of life' and therefore eligible for funding under the LCSF). The site produces an estimated 34.8TCO<sub>2e</sub> per year from gas and electricity usage, the third highest emitting scope 1&2 community building in the Council's estate. The condition of applicable technologies, including the heating controls, wall insulation, roof insulation, windows, and lighting, is all noted as 'Poor' to 'Fair', requiring short (within the next 5 years) to medium-term (within the next 5-10 years) action.
- 2.8 No previous work related to heat decarbonisation planning has been performed at Woodham & New Haw Day Centre. Consequently, the Council's bid for this site focusses on funding the preparation of an HDP through building audit, feasibility studies, and desktop assessment. This will provide similar outputs to those the Council already has for Manor Farm Day Centre. While a funding bid could include detailed design work at this site, all LCSF funded works must be completed in the financial year for which the funding is awarded (2024/25 in this case). Considering the timelines for detailed design work provided by consultants, officers felt that there would not be enough time to complete all works up to detailed design within this timeframe.
- 2.9 The costs for this work are estimated at £5,500 for the desktop assessment, £4,600 for the building audit, and £15,600 for the feasibility study work, a total of £25,700. This estimate has been provided by an expert consultancy which has previously worked with the Council on similar activities. The full value of the works has been bid for as part of the LCSF Phase 5 and has a 5% contingency built in for any unexpected cost increases or additional activity.

- 2.10 Should the Council be successful in receiving funding from the LCSF, it is essential that officers are able to swiftly move to a procurement exercise to align with the required timelines for LCSF works. A robust, compliant procurement will be carried out to enable project delivery, ensuring a cost-effective approach is taken. During the bid development process, officers have identified several potentially suitable procurement frameworks which could be utilised to ensure a swift route to market.
- 2.11 A response to the bid is expected by the end of July 2024. Should the bid be successful, officers would need to immediately begin working on the procurement exercise, finalising this process by September 2024. The procured suppliers would be expected to complete work on-site by November 2024 at both sites. Following this, Woodham & New Haw Day Centre activities would be expected to reach conclusion by January 2025. Due to the nature of the detailed design works at Manor Farm Day Centre, these activities would be expected to be completed by mid-February 2025. In both cases, two weeks are allowed for approval of the final documents by the Council before final documentation and invoices are submitted to Salix by the end of March 2025.
- 2.12 Should Members decide that the Council should not continue with the bid through the Phase 5 Low Carbon Skills Fund, officers are able to withdraw the submitted application at any time. To date, no financial resources have been spent or committed by the Council to this activity or any associated activities, therefore this can be done without any resource implications aside from the loss of the officer time spent developing the bid. It should be noted that LCSF success can be a gateway into further rounds of the Public Sector Decarbonisation Scheme – a delivery fund we expect to open again this summer.

### **3. Policy framework implications**

- 3.1 The Corporate Business Plan 2022-2026 sets out how the Council will play a key role in creating a greener environment and ensuring an effective response to climate change. The Climate Change Strategy 2022-2030, adopted in October 2022, describes how the Council intends to make all its operations carbon 'net zero' by 2030.
- 3.2 At Full Council on 7 December 2023, Runnymede Borough Council resolved to declare a climate emergency. In declaring a climate emergency, the Council will use its reasonable endeavours to continue its work to meet the Council's target of net zero operational emissions by 2030 and use its sphere of influence to support the Borough and its communities to achieve the 2050 national net zero target for the UK. The Council recognises that the consequences of temperatures exceeding 1.5C are so severe that preventing this from happening must be humanity's priority and that it is important all organisations commit to becoming operationally net zero, as soon as reasonably possible.
- 3.3 At Full Council on 29 February 2024, the Council's Climate Change Action Plan was approved. The Plan describes how the Council will work towards reducing carbon emissions from Council operations to net zero by 2030. Action ID 1.5 of the Action Plan states that the Council will "decarbonise operational estate (non-housing)" including community centres.

### **4. Resource implications/Value for Money**

- 4.1 The Phase 5 Low Carbon Skills Fund submitted bid is for the full estimated value of £255,700 for decarbonisation planning work at Woodham & New Haw Day Centre and Manor Farm Day Centre. This estimation has been produced with support of an external consultancy and has contingency at both sites built in. No match funding is required by the Council if the bid is successful. Therefore, it is not expected that there will be any capital or revenue costs to the Council from carrying out the consultancy work bid for if the Council is successful.

4.2 If the bid is successful, activities associated with supplier procurement and carrying out of the required work will be covered within the existing staff resources of the Council. It is expected that individuals within the Climate Change and Assets & Regeneration teams will be involved throughout the project until the end date in March 2025 (as per the scheme requirements) with the support of the procurement, finance, and community services at relevant times.

## **5. Legal implications**

5.1 The UK's Climate Change Act 2008 sets a legally binding UK-wide carbon budget and commits the UK to 'net zero emissions' by 2050. The UK has also signed and ratified the United Nations Paris Agreement – a legally binding international treaty - which commits signatories to keep the increase in global average temperature to well below 2 degrees centigrade above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees centigrade.

5.2 The intended outcome of this report will be the procurement by the Council of an organisation which will deliver the outputs outlined in Section 2 of the report in respect of the identified sites. This will necessitate the procurement of services from third parties. That procurement exercise will be undertaken in accordance with national legislation and the Council's internal rules regarding the procurement of services.

## **6. Equality implications**

6.1 The production of a Heat Decarbonisation Plan for Woodham and New Haw Day Centre, and the updating of the existing Heat Decarbonisation Plan for Manor Farm Day Centre followed more detailed design activities, following a successful bid, are not expected to have any equality implications.

6.2 Should the Council move forward from these plans to capital improvement works on either building, the equalities implications of these works will be assessed as part of this process.

## **7. Environmental/Sustainability/Biodiversity implications**

7.1 In 2022/23, Manor Farm Day Centre generated an estimated 36.97TCO<sub>2</sub>e of greenhouse gas emissions, and Woodham and New Haw Day Centre produced 34.8TCO<sub>2</sub>e. These emissions rank as the second and third highest, respectively, among the Council's scope 1&2 community buildings. Any initiatives to reduce or decarbonise these buildings therefore bring significant environmental benefits by reducing harmful greenhouse gas emissions contributing to climate change.

## **8. Risk Implications**

8.1 The Phase 5 Low Carbon Skills Fund has a requirement for all funded works to be completed by the end of the current financial year. Therefore, a financial risk is evident should the works not complete within this timeframe as the Council may have to return the provided funds. The bid team has worked closely with finance in development of the bid and will continue to work closely with all required teams to ensure the timely completion of the procurement process, completion of the works bid for, and delivery of required documentation to Salix within the set timelines.

8.2 The amount of funding sought through the bid has been estimated by the Council with the support of an external consultant. However, this is an estimate and therefore the costs of this work may change when moving to the procurement stage with the contract value exceeding

the grant value. Contingency of 5% on the work at Woodham and New Haw Day Centre and 10% at Manor Farm Day Centre have been built into the funding bid to account for any unexpected increases. Approval of delegated authority through this report will also enable the project team to swiftly begin any procurement exercise if funding is awarded.

- 8.3 The Council's procurement team will be critical in ensuring the activities associated with the Low Carbon Skills Fund bid are completed in a timely manner. Adequate resourcing within this team is therefore essential. The bid team will engage before results of the bid are known with the procurement team to ensure they are aware of any upcoming requirements, with materials from similar previous procurement exercises being used as a starting point. If suitable, a framework approach will be utilised to provide a swifter route to procurement through an established mechanism.

## **9. Other implications**

- 9.1 Should the LCSF bid be successful, some of the activities associated with producing or updating HDPs require on-site work to be conducted. Officers will ensure, through careful planning with day centre staff and procured consultants, that there will be no impact on day centre users because of this work.

## **10. Timetable for Implementation**

- 10.1 Please refer to paragraph 2.11 for a summary of the timetable for implementation.

## **11. Conclusions**

- 11.1 The Council has committed to achieving operational net zero emissions by 2030, and decarbonising the operational building estate forms an essential part of the work. However, decarbonising buildings comes at a high cost. Identifying and securing funding through grants is a key method to be used to try and obtain the required finances for this work, as has been done here through an application to the LCSF Phase 5 for heat decarbonisation planning at Manor Farm Day Centre and Woodham & New Haw Day Centre. As per the LCSF requirements, it is essential that should this bid be successful, officers are able to rapidly begin the procurement process and complete all works within the 2024/25 financial year.

## **12. Background papers**

- None

## **13. Appendices**

- None