

Standing Order 42

Consultation with Appropriate Chairman and Vice-Chairman for Urgent Action to be Taken Under Standing Order 42

To (Chair & Vice Chair):	Cllr Tom Gracey and Cllr Chris Howorth
Relevant Committee:	Corporate Management Committee
Date:	7 th September 2023
Report Author:	Georgina Pacey
Report Title:	Virement of money from the Planning Policy budget to the Climate Change budget to underpin the production of Heat Decarbonisation Plans for the Hythe Community Centre and Manor Farm Day Centre and other technical information to underpin a funding bid for round 3c of the Public Sector Decarbonisation Scheme.
SO42 Proforma Number:	1028

1. Synopsis of report

This report seeks approval for the virement of money from the Planning Policy budget to the Assets and Regeneration budget to underpin the production of Heat Decarbonisation Plans for the Hythe Community Centre and Manor Farm Day Centre and other supporting technical information to underpin a funding bid for round 3c of the Public Sector Decarbonisation Scheme in October 2023.

2. Reasons why this matter cannot wait for a Committee Decision.

(Please state if agreement of Chairman and Vice-Chairman required within 24 hours, and why)

To get a funding bid in on time for the Public Sector Decarbonisation Scheme (PSDS) this year, the Council would need to be ready to submit an application on 10th October when the application window will open. The deadline for reports for 14th September CMC has long since passed, and by the next CMC on 12th October, the application window is expected to have closed. An SO42 is therefore required in this case to support the preparation of a robust funding bid in a short timeframe. The PSDS is a substantial funding pot; the previous funding round (phase 3b) saw 180 public sector organisations awarded grants for 227 heat decarbonisation and energy efficiency projects with a total value of £586,150,721. £135,554,705 of these monies were awarded in the South East.

Whilst this latest funding round was announced in July, initially bidding through this fund was discounted by officers due to a lack of internal resource with the required technical expertise to produce the information needed to underpin a bid, and also due to the lack of revenue budget to fund the services of a consultant. However this funding opportunity was revisited in late August when budget setting activities identified a possible opportunity to use expected underspend from the Planning Policy budget to fund the production of the necessary technical work to underpin the bid. This is why a report was not produced on this matter to be considered at 14th September CMC.

3. Recommendation(s)

That the Leader and Deputy Leader agree a virement of £22,400 from the Planning Policy budget (PPLP 2338) to the Assets and Regeneration budget (MLPA 2329) to allow Heat Decarbonisation Plans to be prepared for the Hythe Community Centre and Manor Farm Day Centre, to underpin a bid to phase 3c of the Public Sector Decarbonisation Scheme in October 2023.

4. **Context of report**

The Council's Climate Change Strategy has committed to reducing carbon emissions from the Council's operations and services to net zero by 2030. The Aether Ltd Council Estate and Area GHG Baseline report (being reported to Corporate Management Committee on 14th September) shows that overall, the most significant source within the Council's Scope 1 and 2 emissions is from 'all Council buildings'. As the Council has committed to reducing its scope 1 and 2 emissions from its services and operations by 2030, it is of vital importance that inroads start to be made into the decarbonisation of the Council's estate.

Unrelated to the above, at 28th June Planning Committee it was agreed that work on the next iteration of the Local Plan should be based around the option for preparing a Plan under the new plan-making arrangements which are not due to come into effect until late 2024. As a result of this, an underspend is anticipated in the Planning Policy budget this financial year. This SO42, if approved would allow this unspent money to be spent on other corporate priorities such as helping meet the Council's 2030 net zero target for its operations and services.

5. Report and, where applicable, options considered

Phase 3 of the Public Sector Decarbonisation Scheme, worth £1.425bn, was launched by Salix on behalf of the Department for Energy Security and Net Zero in 2021. The Public Sector Decarbonisation Scheme has the potential to provide substantial grants for public sector bodies to fund heat decarbonisation and energy efficiency measures.

For Phase 3c of the Public Sector Decarbonisation Scheme which was announced in July 2023, an additional financial year of funding has been granted by the Department. This funding increases the value of the overall funding to the scheme and will enable Phase 3c projects to deliver across two financial years. Phase 3c of the Public Sector Decarbonisation Scheme has up to £230 million available in 2024/25. The budget available in 2025/26 will be confirmed this autumn though applicants should assume a broadly balanced profile across 2024/25 and 2025/26.

This external fund supports the aim of reducing emissions from public sector buildings by 75% by 2037, compared to a 2017 baseline, as set out in the 2021 Net Zero and Heat and Buildings strategies. The Council is reliant on securing funding through external sources such as this if it is to meet its target of achieving net zero carbon emissions from its operations and services by 2030 (as set out in its adopted Climate Change Strategy) and as such, it is considered important that these funding opportunities are pursued wherever possible, especially given that almost 53% of the Council's scope 1 and 2 emissions which the Council has committed to reducing to net carbon zero by 2030 are from the Council's buildings

Whilst the Assets and Regeneration Team has no revenue budget to allow it to produce Heat Decarbonisation Plans in this financial year, an underspend is predicted in the Planning Policy budget due to the pause to the Local Plan. The Planning Committee agreed in June 2023 to wait to produce a new Local Plan under the new Plan Making arrangements which are not due to come into force until late 2024. There is currently £156,423 in the Local Plan 'Planning and Development Advice' code for the current financial year (PPLP 2338). Committed spend for the current financial year stands at £13,550. A virement of £9,999 has also been committed to the Climate Change budget to fund part of the Climate Change Study. It is estimated that up to a further £60,000 could be spent on updating the Council's Design Supplementary Planning Document. This would leave £72,874 unspent leaving ample funds to fund the necessary consultancy fees to produce Heat Decarbonisation Plans for the Hythe Centre and Manor Farm Day Centre, and other technical information necessary to underpin a bid to the Public Sector Decarbonisation Scheme this October.

12% match funding would be required if the bid was successful, however the Assets and Regeneration Team have had a growth item approved for 2023/24 to fund climate change adaptations across the A and R estate. This is capital funding at a value of £500,000 over the next 5 years. As such, it is considered that if the Council was successful in securing money through the PSDS, it would have the capital to allow the relevant element of match funding.

Whilst only one consultant; Faithful and Gould (F+G) has been approached and asked to provide a quote to carry out the required works, previous quotes from LASER were sought to produce Heat Decarbonisation Plans for 2 of the buildings in the A and R estate to underpin a bid to the SALIX Public Sector Low Carbon Skills Fund in April 2023 (this bid was unfortunately unsuccessful). The fee quoted was £19,772.50, which is very similar to the £22,400 quoted by Faithful and Gould currently. In addition to covering the elements of works that LASER quoted for, F + G would also be supporting the Council through the SALIX bid process, helping the Council respond to any technical questions received from SALIX during the application process. Officers are therefore of the view that the current quote would represent good value for money for the Council, and a waiver to depart from the Council's Standing Orders was approved by Procurement Board on 31st August.

In terms of why F+G are considered a suitable consultant to assist the Council with the PSDS process, officers consider that F+G are uniquely placed to support the Council in applying for this funding opportunity given that F+G has supported Salix in their technical delivery for 15 years (this includes assessing applications for Salix), and so are well versed in their processes. They also submit bids, having over a 90% application success rate for PSDS.

Heat Decarbonisation Plans/relevant experience for F + G is listed as follows:

- Bedford Borough Council – whole estate roadmap including all leisure
- Walsall Council – whole estate roadmap including all leisure
- South Gloucestershire Council – whole estate roadmap including all leisure
- Cardiff Council – whole estate roadmap including all leisure
- Newcastle-Under-Lime Council – whole estate roadmap including all leisure
- Birmingham City University – two campuses roadmap (one was leisure)
- Birmingham City University – two campuses (one was leisure)
- Southampton City Council – leisure projects (PSDS funded)
- Oxford City Council – leisure projects £12m (PSDS funded)

F +G has considerable experience delivering a range of services to public bodies including decarbonisation roadmaps, funding support, centralised/decentralised energy and carbon reduction retrofit programmes. Their teams have considerable experience managing heat pump programmes (replacing gas/oil boilers) and wider decarbonisation programmes (insulation upgrades, LED replacement, BMS installation etc). F+G is very knowledgeable about the technical issues relating to compatibility between Air Source Heat Pumps and existing buildings and have regular contact with leading manufacturers to keep updated on the latest technologies, prices and delivery periods.

Without the Contract Standing Orders waiver and this SO42 being approved, the Council would not be in a position to apply for this year's PSDS funding. This is because, as it stands, the Council does not have the technical expertise in house to produce the documentation required to underpin the PSDS process and put in a robust bid. This is a substantial fund which could help the Council make real inroads into its decarbonisation journey and Officers consider that this would be a missed opportunity to potentially secure substantial external funding. Whilst it is expected that there will be a further round of PSDS funding next Autumn, this cannot be guaranteed.

Risks

The timetable to complete the Heat Decarbonisation Plans is very tight, hence why two less complex buildings from the Assets and Regeneration have been chosen as the focus for this bid. It is also acknowledged that there remains a risk that the necessary documentation will not be ready in time to underpin a bid for 10th October. However, even if a bid cannot be submitted in time, or if a bid is submitted but the Council were to be unsuccessful in securing funding, the consultancy work would not be wasted, and the Council would still have heat decarbonisation plans in place for 2 of the buildings on it's A and R estate, which will be required in any instance, and which would put the Council in a better position for other funding opportunities which may arise before PSDS potentially comes round again in Autumn 2024.

6. Policy framework implications

The Council's Climate Change Strategy confirms that the Council intends that all its operations will be Carbon Net Zero by 2030. This SO42 seeks to support the Council's journey to net zero and if approved, will help ensure that opportunities are being maximised to put the Council in the best position to reach its 2030 target.

7. Financial and Resource implications (where practicable)

A one off cost of £22,400 is required to fund this piece of work. Whilst there is no money in the 2023/24 Assets and Regeneration budget to fund this activity, there is confidence that there will be a sizeable underspend in the Planning Policy budget this financial year to support this work.

Internally within the Council, The Council's Bid Writer, and officers within the Climate Change and Assets and Regeneration Teams will be working collaboratively to complete the bid in a timely manner.

8. Legal implications

Officers will liaise with its Legal team to ensure that the contract for this work is completed in a timely manner.

9. Equality implications

It will be ensured that any works proposed to the buildings in question to decarbonise them will not impact on access arrangements for people with disabilities. As a general comment, responding positively to the threats of climate change is considered to have positive impacts for all groups.

10. Other implications (Environmental/Biodiversity/Sustainability must be addressed)

The Council's response to climate change, including the decarbonisation of its Assets and Regeneration estate will help the Council meet its 2030 commitment contained in its Climate Change Strategy. This is for the good of the environment, and will ensure that our buildings are resilient to future climate change threats.

11. Background papers

Specification for works-attached

12. **Chief Officer(s) Decision**

Signature of authorised officer ..



I have been consulted and am in agreement with the above 15.09.2023

Signature(s) and position(s) of other relevant Chief Officer, Corporate Heads or authorised representatives

Phil Turner Assistant Chief Executive (PLACB)

NB: this must include the Assistant Chief Executive or his authorised representative where the decision involves expenditure, loss of income, or future implications for budget or financial forecast.

13. **Assistant Chief Executive – Section 151 Officer (if not applicable, please state)**

Signature of authorised officer



I have been consulted and am in agreement with the above 11.09.2023

Signature(s) and position(s) of Assistant Chief Executive – Section 151 Officer or their authorised representative

NB: this must include the Assistant Chief Executive Section 151 Officer or their authorised representative where the decision involves expenditure, loss of income, or future implications for budget or financial forecast

14. **Chief Executive's Decision**

Signature of Chief Executive



I have been consulted and am in agreement with the above

15.09.2023

15. **Chairman and Vice-Chairman Comments**

I concur in the Chief Officer's decision

Signed



Date

10.09.2023 emailed approval

Signed



Date

18.09.2023 emailed approval

I have the following further comments: