

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	31 March 2021
Subject:	Treasury and Capital Management
Report of:	Head of Finance and Asset Management
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

Following the adoption of a climate change motion and the commitment for the Council to be carbon neutral by 2030, taking into account both production and consumption emissions, an action plan was developed and approved by Council. Part of that action plan included the replacement of the current heating system at the Council Offices.

Funding applications have been made to the Department for Business, Energy and Industrial Strategy (BEIS) to support the delivery of this aspiration and confirmation has now been received of the success in the application for major capital funding. It is anticipated that the project will be completed by Autumn 2021.

Recommendation:

The Executive Committee is asked to:

- 1. Accept the grant award as detailed within the report.**
- 2. Delegate authority to the Head of Finance and Asset Management to enter into any necessary documentation in respect of the grant award.**

Reasons for Recommendation:

To formally accept the grant award from the Public Sector Decarbonisation Scheme.

Resource Implications:

The Department for Business, Energy and Industrial Strategy has awarded the Council £284,200 in s31 grant to deliver a replacement heating system in the Council Offices. Final costs will be subject to a tender exercise and any excess costs, including items not covered by the funding, will be met from existing asset management reserves.

The project is within the Council's Capital Programme approved at Council in February.

Legal Implications:

The grant has been awarded in accordance with section 31(4) of the Local Government Act 2003.

Risk Management Implications:

A full project risk register will be developed and maintained at the outset of the project.

Performance Management Follow-up:

The project will be delivered under the Council's project management framework and progress will be reported through the Climate Change and Flood Risk Management. The project also requires internal audit certification.

Environmental Implications:

The successful delivery of the project will reduce carbon consumption at the Council Offices by 92.15 tonnes p.a., representing 78% of current gas consumption.

1.0 INTRODUCTION/BACKGROUND

1.1 In October 2019, the Council declared a climate emergency through the adoption of a Member motion. The motion was as follows:

- Declare a 'climate emergency'.
- Commit to doing all in its power to make Tewkesbury Borough Council offices carbon neutral by 2030.
- Expand the remit of the existing Flood Risk Management Group to deal with climate change matters with the following delegations to the Borough Solicitor in consultation with the Group:
 1. Preparation of revised Terms of Reference to include an audit of the Council's current position, an action plan to achieve carbon neutrality by 2030, funding and promotion of good practice throughout the Borough including buildings that provide a public service, such as the Tewkesbury Leisure Centre; and
 2. Membership of the Group, taking account of its wider role.
- Call upon central government to provide additional powers and resources to support local and national action towards the 2030 target.
- Commit to working with partners in Gloucestershire to achieve countywide carbon neutrality aims.
- Report to Council with a detailed action plan for delivery.

1.2 The Climate Change and Carbon Reduction Audit Action Plan was subsequently prepared and agreed at Council in July 2020. The plan provided the Council with an overview of its carbon consumption from a number of Council buildings and associated activities whilst the Action Plan set out a number of short, medium and long term actions that will enable the Council to meet its 2030 target.

1.3 The Action Plan was developed with the following priorities, presented in level of importance:

1. Energy consumption is controlled and managed, reflecting demand times, levels (temperature for example) and relative to external weather conditions as necessary.
2. Energy efficiency maximised through no and low cost measures.
3. Replacement of 'end of life' equipment with most appropriate low carbon technologies.
4. Remaining energy demand offset with renewable energy solutions aiming to consume as close to 100% of generated energy, therefore reducing use of 'imported' energy as much as possible.
5. Finally consider procurement of 'green' energy tariffs as a belt and braces approach for any final imported energy demand remaining.

1.4 Given the age and inefficiency of the current gas powered heating system at the Council Offices, the replacement of the system was given a high priority within the detailed action plan and a target of replacement was set for 2022. It was envisaged that the cost of replacement would be met by the Council's Asset Management Reserve.

2.0 PUBLIC SECTOR DECARBONISATION SCHEME

2.1 In Autumn 2020, the Department for Business, Energy and Industrial Strategy (BEIS) launched the Public Sector Decarbonisation Scheme (PSDS). The Grant Scheme offered £1bn of grant funding to deliver BEIS' new mission and priorities: fighting coronavirus, backing business, unleashing innovation and tackling climate change. The scheme also encourages green investment and supports the government's net-zero and clean growth goals. The scheme is available for capital energy efficiency and heat decarbonisation projects within public sector non-domestic buildings.

2.2 Alongside this scheme, the Public Sector Low Carbon Skills Fund (LCSF) was launched. This grant scheme allowed public sector bodies to engage specialist and expert advice to identify and develop energy efficiency and low carbon heat upgrade projects for non-domestic buildings.

2.3 The timing of the launch of these grant funds married perfectly to the Council's needs, as identified in the Action Plan and applications for funding were made to both schemes. In mid-December, an award of £21,700 was made from the LCSF fund and applied to the commissioning of survey work to replace the heat system. That survey work has been ongoing in January and February with a final report expected in March.

2.4 The application to the PSDS was made in early December and requested funding to support:

- The replacement of the current gas powered boilers with a Ground Source Heat Pump (GSHP).
- The provision of a new gas powered boiler system to provide back up to the GSHP.
- The provision of an enhanced Building Management System to deliver better controllability.
- The installation of additional photovoltaics to offset increased electricity requirements.

- 2.5** The application assessed a reduction in the carbon tonnage consumed by the Council offices of over 92 tonnes per annum, representing a reduction of 78% on current annual gas consumption. To enable these works, a bid for £304,200 was made to the fund.
- 2.6** Given the high profile of climate change and carbon neutrality in public sector organisations, the £1bn scheme was heavily oversubscribed and our application initially frozen, awaiting further funding. After further due diligence on applications, BEIS realigned some awards and our application was earmarked for funding in early February. An amount of £284,200 has now been offered through a s31 grant to meet our project needs, with the £20,000 anticipated cost of providing back up gas powered boilers not meeting the schemes requirements. This cost, along with any other additional costs identified from the feasibility work, will be met by asset management reserves previously earmarked for the full system replacement.
- 2.7** The terms and conditions of the grant offer have been reviewed and are acceptable to the Council. The main requirements are:
- The Council must appoint an 'Accountable Officer' who will be responsible for ensuring compliance with the grant conditions.
 - the Council as the recipient shall use the grant only for the delivery of the project.
 - the project has been initiated or will be initiated prior to 1 April 2021.
 - Monthly monitoring reports.
- 2.8** Subject to the final feasibility report, it is anticipated that the Council will tender for a works contract in April and have installation completed by early Autumn. In addition to the Council's own Officers, the project will be supported by project managers previously employed on the leisure centre construction and office refurbishment to ensure the project is delivered on time and within budget.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** The Council could reject the funding offer and either keep the current gas powered boilers running or could use its own money for a replacement scheme. Neither option is recommended.

4.0 CONSULTATION

- 4.1** The Climate Change and Flood Risk Management Group has been made aware of the application and the success in attracting funding.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** Climate Change and Carbon Reduction Audit and Action Plan.
The 2020-2024 Council Plan.

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1** United Nations Framework Convention on Climate Change's (UNFCCC) 21st Conference of Parties (COP21) and adopted on December 12, 2015, (The Paris Agreement).

International Panel on Climate Change (IPCC) special report on 'Global Warming of 1.5°C', following the UN Framework Convention on Climate Change in 2015. (October 2018).

Climate Change Act 2008.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 The replacement of the heating system will be a major property project on the Council's main operational asset. It is likely to replace some parts of the heating system that are now 30 years old and some, relating to the heat distribution, that are original features of the building. The new system will provide highly efficient, modern heating to the building over the long term.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 This project will play a significant role in making the Council carbon neutral by 2030.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 The Council has secured external grant funding to deliver a project which will reduce carbon output but also reduce the annual cost of heating.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 Climate Change and Carbon Reduction Audit and Action Plan – Council 28 July 2020.

Background Papers: Climate Change and Carbon Reduction Audit and Action Plan – Council 28 July 2020

Contact Officer: Head of Finance and Asset Management Tel: 01684 272005
Email: simon.dix@tewkesbury.gov.uk

Appendices: None.