

CABINET

DATE	17/02/2021
REPORT OF	Councillor Philip Jackson, Leader of the Council
RESPONSIBLE OFFICER	Sharon Wroot Executive Director for Environment, Economy and Resources
SUBJECT	Public Sector Decarbonisation Grant funding for energy improvements to Local Authority assets
STATUS	Open
FORWARD PLAN REF NO.	GENERAL EXCEPTION – Not included on the Forward Plan and to be considered under the General Exception rules laid out in the Constitution

CONTRIBUTION TO OUR AIMS

The recommendations in this report will make a positive and tangible contribution to tackling climate change, support green jobs, a green recovery and therefore contribute effectively to the Council's priorities of a Stronger Community and Stronger Economy.

EXECUTIVE SUMMARY

This report seeks Cabinet approval to accept funding from the Department for Business, Energy and Industrial Strategy (BEIS), which will be delivered by Salix. The grant funding includes design, engineering, construction and project management cost and will be used to improve energy efficiency in 5 NELC owned non-domestic buildings and reduce running costs. The project will be jointly managed with energy improvements to Beacon Academy, which forms part of the same grant award. Improvement works to the properties will include heating, lighting, solar panels, heat pumps and building control systems, based on an assessment of best carbon saving options for each building. The proposal supports the Council's "Climate Local" ambitions.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Authorises the Executive Director for Environment, Economy and Resources in consultation with The Leader of the Council to accept the grant funding in principle on behalf of the Council.
2. Delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council, the authority to accept the final grant offer and deal with all matters arising from and ancillary to the above including negotiation with the funder, implementation and award of resultant contracts and works.
3. Delegates to the Assistant Director Law, Governance and Assets the responsibility to execute all documentation arising.

REASONS FOR DECISION

Accepting the funding from Department for Business, Energy and Industrial Strategy (BEIS) as administered through SALIX will help deliver energy efficiency improvements to 5 Council buildings, to reduce future environmental impact and running costs.

1.0 BACKGROUND AND ISSUES

1.1 In 2020, the Department for Business, Energy and Industrial Strategy (BEIS) launched the Public Sector Decarbonisation (Grant) Scheme which will be delivered by Salix. The Grant Scheme will offer £1bn of grant funding which aligns with BEIS' new mission and priorities: fighting coronavirus, backing business, unleashing innovation, and tackling climate change. The scheme will also encourage green investment, supporting the Government's net zero and clean growth goals by providing funding for Local Authorities to make energy efficiency improvements to public buildings.

1.2 In selecting the measures to be installed, BEIS has specified the following grant criteria:

- The measures concerned are not required to be installed by law (including building or health and safety legislation); Note: For measures that go above and beyond what is required by law, grant funding can be sought for the increased cost, for example, in a new build project.
- The measures are not being installed with a view to commercial gain (other than the reduction of costs through increased energy efficiency);
- Installation of the measures concerned have not begun;
- Funding for the project has not been agreed via another source;
- In Salix's reasonable opinion, the project would not take place without the grant.

1.3 An initial site survey of Council Assets, informed by an assessment of energy consumption data, highlighted a number of buildings for prioritisation. The investment would result in an ongoing reduction in utility costs for these sites.

1.4 In November 2020, the Council submitted an application in respect to energy efficiency improvements to five Council buildings at an estimated overall cost of ££760,145. The buildings included were:

- Europarc Innovation Centre
- Grimsby Municipal Offices
- Waltham Library*
- Cleethorpes Library and TIC*
- Cleethorpes Business Centre

The funding would be used to achieve energy improvements included heating, lighting, solar panels, heat pumps and building control systems, based on an assessment of best carbon saving options for each building.

- 1.5 The Grant funding does not require match (NELC) funding. The total grant offer to NELC is £2,974,324 of which £1,864,179 is earmarked for work at Beacon Academy covered in a separate Cabinet item. The grant funding includes project management, design fees and other ancillary costs of £350,000 to be shared between this project and the joint Beacon Academy energy efficiency project. The project will be managed and delivered by ENGIE.
- 1.5 The Council has been awarded 100% grant funding towards this project on condition of a project start before 30th March 2021 and completion by 30 September 2021. The grant funding is offered under Section 31 of the Local Government Act 2003.
- 1.6 If all the measures are installed on all five sites, the predicted combined total savings per annum for the Authority is expected to be £30,734 for energy bills, 1,200,000 kW of energy savings and 147,470 kg of CO₂.

2.0 RISKS AND OPPORTUNITIES

- 2.1 Accepting the funding will provide the Council with a wider range of options to reduce CO₂ emissions within the Borough and reduce energy cost to the Authority.
- 2.2 A condition of funding is that any project shortfalls which emerge are met by the Local Authority and funding may have to be repaid if projects do not complete on time. This latter risk is important because of the relatively short lifetime of the projects and potential lack of materials at the current time due to Brexit and COVID-19. To mitigate this risk the Council will put in place robust project management controls both to ensure that costs are not incurred until there is clarity that projects can be delivered on budget and, additionally, that projects can be delivered on time.

3.0 OTHER OPTIONS CONSIDERED

- 3.1 **Do Nothing** – To do nothing would mean that the Council would not complete the specified energy improvements and the environmental impact and energy cost for these buildings would remain high.
- 3.2 **Use North East Lincolnshire Council Funding** - NELC could use capital funding to carry out these works, to delivering energy efficiency. This would affect the availability of capital funding for other projects.
- 3.3 **Accept the Funding** This is the preferred option, delivering the scheme outlined in the report. This is the preferred option as this would deliver substantial environmental improvement and future energy savings for the Local Authority, without requirement of using already stretch local funding.

4.0 REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Accepting the grant funding will generate positive reputational and communications benefits for the Council, as it will reduce CO₂ emissions.

4.2 A communication plan will be in place to ensure the positive message is highlighted and support the Authorities commitment to the green agenda.

5.0 FINANCIAL CONSIDERATIONS

5.1 To achieve the proposed energy efficiency improvements within the Borough, by securing £760,145 specific grant funding for the scheme and a share of £350,000 additional project costs funding over this and the Beacon Academy scheme. No match funding is required by the Council.

6.0 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.1 This proposal will make an overall positive contribution to the Council's published commitments on climate change and the environment by reducing CO2 in the Borough and supporting the delivery of a low carbon future for North East Lincolnshire.

7.0 CONSULTATION WITH SCRUTINY

7.1 There has been no consultation with Scrutiny.

8.0 FINANCIAL IMPLICATIONS

8.1 The recommendation to accept the grant will generate additional funding for the Council to deliver its objectives without the need for match funding. Whilst the Council is the accountable body, the receipt of the funding does not bring any significant financial risk and will help generate energy efficiency savings from reduced consumption.

9.0 LEGAL IMPLICATIONS

9.1 Colleagues in Legal Services are available to advise on and support the completion and signature of any funding contract and ensure that risk to the Council is fully understood and mitigated through appropriate governance. Further, they will offer support in the delivery of the project as and when required by the anticipated project team.

9.1 Any procurement exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.

9.2 The delegations sought are consistent with an exercise of this nature

10.0 HUMAN RESOURCES IMPLICATIONS

10.1 There are no direct HR implications arising from the contents of this report.

11. WARD IMPLICATIONS

11.1 The buildings affected are located in multiple wards across the Borough.

12.0 BACKGROUND PAPERS

None

13. CONTACT OFFICER(S)

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