

<p><b>CABINET MEETING – 20 JUNE 2024</b></p> <p><b>EXECUTIVE SUMMARY SHEET – PART I</b></p>	
<p><b>Title of Report:</b> Energy Efficiency Grant Funding</p>	
<p><b>Author(s):</b> Director of Finance</p>	
<p><b>Purpose of Report:</b> This report seeks approval of the funding and contracting arrangements for delivery of the Public Sector Decarbonisation Scheme Phase 3c, the Swimming Pool Support Fund capital investment and solar panel installations at Raich Carter Centre and Silksworth Community Pool, Tennis and Wellness Centre as part of the leisure facilities capital scheme.</p>	
<p><b>Description of Decision:</b> <b>Cabinet is recommended to:</b></p> <ul style="list-style-type: none"> <li>(i) Note the award of funding for £2,070,782 from the Public Sector Decarbonisation Scheme (Department for Energy Security and Net Zero), and £410,100 from the Swimming Pool Support Fund (Sport England) and approve the funding arrangements for delivery of the projects and approve the resultant variation to the capital programme;</li> <li>(ii) Authorise the Director of Finance in consultation with the Portfolio Holder for Corporate Services and equalities to procure and appoint contractors for the design, supply and installation of decarbonised heating systems, energy efficiency measures and solar PV arrays funded through the Public Sector Decarbonisation Scheme Phase 3C, the Swimming Pool Support Fund and the leisure facilities scheme within the capital programme; and.</li> <li>(iii) Authorise the Director of Finance, to approve any subsequent variations and extensions of any contracts procured in accordance with the authorisation conferred to at paragraph ii above, for the design, supply and installation of decarbonised heating systems, energy efficiency measures and solar PV arrays, required to ensure their delivery in accordance with the requirements of the funding arrangements and subject to the funding being available to fund the projects.</li> </ul>	
<p><b>Is the decision consistent with the Budget/Policy Framework?</b></p>	<p><b>*Yes</b></p>
<p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>	

**Suggested reason(s) for Decision:**

Funding for delivery of the Public Sector Decarbonisation Scheme and Swimming Pool Support Fund project has been secured through competitive bidding programmes. The schemes will deliver low carbon projects across the city with the objective of improving the energy efficiency of public operational and leisure properties reducing carbon emissions. The projects will support delivery of the city-wide Low Carbon Framework and will contribute towards the Council and the City becoming carbon neutral by 2030 and 2040 respectively.

**Alternative options to be considered and recommended to be rejected:**

The alternative option would be to not progress the projects. However, as set out above £2.481 million of external grant funding has been secured from the Department for Energy Security and Net Zero (DESNZ) and Sport England for these schemes, which would otherwise be lost if the projects did not proceed as would the benefits of the carbon reduction measures.

**Impacts analysed:**

Equality  Privacy  Sustainability  Crime and Disorder

Is the Decision consistent with the Council's Co-operative Values? **Yes**

Is this a "Key Decision" as defined in the Constitution? **Yes**

Is it included in the 28-day Notice of Decisions? **Yes**

**ENERGY EFFICIENCY GRANT FUNDING****REPORT OF THE DIRECTOR OF FINANCE****1.0 Purpose of Report**

- 1.1 This report seeks approval of the funding and contracting arrangements for delivery of the Public Sector Decarbonisation Scheme Phase 3c, the Swimming Pool Support Fund capital investment and solar panel installations at Raich Carter Centre and Silksworth Community Pool, Tennis and Wellness Centre as part of the leisure facilities capital scheme.

**2.0 Description of Decision**

- 2.1 Cabinet is recommended to:

- (i) Note the award of funding for £2,070,782 from the Public Sector Decarbonisation Scheme (Department for Energy Security and Net Zero), and £410,100 from the Swimming Pool Support Fund (Sport England) and approve the funding arrangements for delivery of the projects and approve the resultant variation to the capital programme;
- (ii) Authorise the Director of Finance in consultation with the Portfolio Holder for Corporate Services and Equalities to procure and appoint contractors for the design, supply and installation of decarbonised heating systems, energy efficiency measures and solar PV arrays funded through the Public Sector Decarbonisation Scheme Phase 3C, the Swimming Pool Support Fund and the leisure facilities scheme within the capital programme; and.
- (iii) Authorise the Director of Finance, to approve any subsequent variations and extensions of any contracts procured in accordance with the authorisation conferred to at paragraph ii above, for the design, supply and installation of decarbonised heating systems, energy efficiency measures and solar PV arrays, required to ensure their delivery in accordance with the requirements of the funding arrangements and subject to the funding being available to fund the projects.

**3.0 Background**

- 3.1 The Council has been successful in recent years in securing significant levels of external funding to deliver priority activities and projects that support the objectives of the City Plan.
- 3.2 In December 2020 partners across the city adopted the Low Carbon Framework that will drive down emissions and seek to make the city carbon neutral by 2040. The Council made a further commitment to be carbon neutral by 2030. The Low Carbon Framework sets out priorities which will support the reduction of our carbon footprint, as well as limit the global temperature rise to below 1.5°C.

- 3.3 The Low Carbon Framework therefore provides a high-level strategic framework for how we will play our part as a city in meeting the commitments under the Paris Agreement, and our commitments as a signatory of the EU Covenant of Mayors, UK100 Pledge, and through our declaration in March 2019 of a climate emergency. It focuses activity around seven strategic priorities, putting people at its heart - changing our behaviours, changing our organisational policies and practices, and setting out 7 thematic areas under which work will be taken forward. These focus on behaviour adaptation, Council policies and procedures, an efficient built environment, growing the green economy, low carbon energy generation and storage, reducing consumption and waste, and low carbon and active transport. The projects set out within this report will make a direct contribution to the strategic priorities focused on the built environment and renewable energy generation.

### **Energy Efficiency Grant Funding**

- 3.4 The Public Sector Decarbonisation Scheme (PSDS) Phase 3 is a £1.425 billion programme to support public sector organisations to decarbonise their estate. The main focus of the scheme is to decarbonise heating systems.
- 3.5 PSDS Phase 3 was launched in November 2022 through to March 2026. Phase 3c was the last sub-phase of this programme. The competition was open to applications from all public sector organisations including Central Government, NHS and Local Authorities.
- 3.6 PSDS Phase 3c offered approximately 85% non-repayable grant funding for measures that would deliver significant carbon savings such as air source heat pumps to provide heating and hot water services in operational properties.
- 3.7 Projects are expected to achieve the following objectives:
- Achieve significant lifetime carbon savings at a cost of less than £325 per tonne carbon dioxide equivalent;
  - Achieve a significant cost reduction for the approach selected within the lifetime of the project and provide evidence on the sources of cost reduction;
  - Support green jobs and utilise local supply chains to contribute to economic stimulus; and
  - Provide evidence on replicability and scale-up of approach in future projects.

In November 2023, the Council submitted a proposal seeking £2,070,782 grant support from the PSDS. This scheme is administered by Salix Finance on behalf of DESNZ. The project will focus on 4 Council owned properties (Evolve, Bunnyhill Centre, Sunderland Museum and Winter Gardens, and Leechmere Centre). The proposal will deliver low carbon heating and hot water systems. The project will achieve significant energy demand reduction resulting in expected carbon savings of 515 tonnes per annum.

- 3.8 It was confirmed in February 2024 that the PSDS proposal had been selected for support. There are several conditions that apply to the grant, including a requirement that the DESNZ grant is utilised by 31<sup>st</sup> March 2026 unless

otherwise agreed in writing. Existing procurement frameworks and contractors will be utilised to ensure a delivery method compliant with the funding requirements and to meet the extremely tight timescales associated with project delivery.

- 3.9 The Swimming Pool Support Fund (Capital Phase) was announced in September 2023. A £60 million allocation was made available for local authorities to apply for, to support investment in the energy efficiency of public leisure facilities which include swimming pools.
- 3.10 The Council was required to submit a competitive bid to secure funding from the Swimming Pool Support Fund. A proposal was submitted to Sport England in October 2023 for £0.938 million. This proposal was to carry out solar panel installations at Hetton Pool, Raich Carter Centre and the Aquatic Centre. The Council was advised in January 2024 that the bid was successful for the facility at Hetton with a confirmed funding award of £410,100.
- 3.11 As part of the 2024/2025 capital programme funding was included to support installations of solar panels at the Silksworth Community Pool, Tennis and Wellness Centre and the Raich Carter Sports Centre.
- 3.12 There are several conditions that apply to the Swimming Pool Support Fund grant, including a requirement that the grant is utilised by 31<sup>st</sup> March 2025 unless otherwise agreed in writing. A procurement will be undertaken to ensure a delivery method compliant with the funding requirements.
- 3.13 The projects are programmed to be delivered during 2024/2025 and 2025/2026 in accordance with the funding timescales and following consideration by the Council as the local planning authority of any works that necessitate planning permission.

#### **4.0 Reason for Decision**

- 4.1 Funding for delivery of the Public Sector Decarbonisation Scheme and Swimming Pool Support Fund scheme has been secured through competitive bidding programmes. The schemes will deliver low carbon projects across the city with the objective of improving the energy efficiency of public operational and leisure properties reducing carbon emissions. The projects will support delivery of the city-wide Low Carbon Framework and will contribute towards the Council and the City becoming carbon neutral by 2030 and 2040 respectively.

#### **5.0 Alternative Options**

- 5.1 The alternative option would be to not progress the projects. However, as set out above £2.481 million of external grant funding has been secured from the Department for Energy Security and Net Zero and Sport England for these schemes, which would otherwise be lost if the projects did not proceed as would the benefits of the carbon reduction measures.

## **6.0 Integrated Impact Assessment**

- 6.1 An assessment has been carried out and is attached as appendix A. It is not anticipated that there are any equality and human rights issues relating to acceptance of this funding and delivery of the projects.
- 6.2 There are no foreseeable risks identified with regards privacy in regard to the works identified in this report.
- 6.3 In terms of sustainability these projects will have a positive contribution to the low carbon framework and contribute towards carbon neutrality of the Council by 2030 and the City by 2040. An ongoing carbon reduction of approximately 560 tonnes per annum are expected after these works are completed.
- 6.4 There are no known implications with regards to population health or socio-economic and digital inclusion inequalities, or community wealth building associated with the works identified in this report.

## **7.0 Other Relevant Considerations**

### **Financial Implications**

- 7.1 There are no match funding implications associated with the SPSF grant funding award to the Hetton Pool project with the costs being fully funded through the grant. Provision exists within the allocation for leisure facilities in the capital programme for the costs of delivering the installations of solar panels at the Silksworth Community Pool, Tennis and Wellness Centre and the Raich Carter Sports Centre.
- 7.2 PSDS Phase 3c funding requires approximately 15% match funding depending on a number of factors such as the lifetime cost of carbon and the percentage costs attributable to energy efficiency measures and decarbonisation costs. The PSDS project requires a Council match funding contribution of approximately £0.450 million. This will be funded from the allocation for Planned Property Capital Maintenance within the capital programme. The PSDS funding will reduce the need for the Council to replace heating and ventilation systems at the 4 buildings in scope.
- 7.3 In accordance with the Council's Financial Procedure Rules, the Cabinet may authorise variations to the Capital Programme provided such variations are within available resources and consistent with Council policy. It is proposed that Cabinet authorise the proposed variation.

### **Legal Implications**

- 7.4 The Assistant Director of Law and Governance has been consulted on the proposals and these comments are included in the report.
- 7.5 The funding agreements issued in respect of both the PSDS Phase 3c and the SPSF grant awards are standard agreements. As with most capital grant funding

of this nature, there is limited opportunity to amend the terms of any funding agreements. A review has concluded that there are no onerous terms included.

- 7.6 The funding agreement for the SPSF project is between the Council and Sport England. The funding agreement for the PSDS funding is with Salix Finance Limited, who administer the PSDS on behalf of DESNZ.

### **Procurement Implications**

- 7.7 As a condition of accepting the external funding, the procurement of contracts that rely on the funding must be compliant with the Public Contract regulations 2015.

### **Policy Implications**

- 7.8 The Projects will make a strong contribution to the Low Carbon Framework, delivering decarbonised heating, improved building fabric and renewable energy measures that will improve the built environment and create additional low carbon energy generation.

## **8.0 Glossary**

DESNZ – Department of Energy Security and Net Zero  
SPSF – Swimming Pool Support Fund  
PSDS – Public Sector Decarbonisation Scheme

## **9.0 List of Appendices**

Appendix A – Integrated Impact Assessment

## **10.0 Background Information**

- 10.1 Further information on the Public Sector Decarbonisation Scheme can be found here: [Phase 3c Public Sector Decarbonisation Scheme | Salix Finance](#)
- 10.2 Further information on the Swimming Pool Support Fund programme can be found here: [Capital phase of Swimming Pool Support Fund opens for applications | Sport England](#)

