

CABINET MEETING – 15 JUNE 2021 EXECUTIVE SUMMARY SHEET – PART I
Title of Report: Energy Efficiency Grant Funding
Author(s): Executive Director of Corporate Services
Purpose of Report: This report seeks approval of the contracting arrangements for the delivery of the Public Sector Decarbonisation Scheme, and the Green Homes Grant Local Authority Delivery Phase 2 programme.
Description of Decision: Cabinet is recommended to: <ul style="list-style-type: none"> (i) Note the receipt of funding for £2,219,000 for the Public Sector Decarbonisation Scheme and £1,750,000 for Green Homes Grant Local Programme from the Department for Business, Energy and Industrial Strategy (BEIS) and approve the funding arrangements for delivery of the Project and approve the resultant variation to the Capital Programme. (ii) Approve the procurement of contractors to deliver the Public Sector Decarbonisation Scheme (Grant value £2,219,000) and the Green Homes Grant – Local Authority Delivery Phase 2 (Grant allocation £1,750,000).
Is the decision consistent with the Budget/Policy Framework? *Yes
If not, Council approval is required to change the Budget/Policy Framework
Suggested reason(s) for Decision: Funding for delivery of the Public Sector Decarbonisation Scheme and Green Homes Grant Local Authority Phase 2 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 operational properties and existing housing stock and reducing carbon emissions. The projects will support delivery of the city-wide Low Carbon Framework, and the target for the Council and the City to become 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 £3.969 million of external grant funding has been secured from BEIS by the Council, which would otherwise be lost if the Projects did not proceed.

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 EXECUTIVE DIRECTOR OF CORPORATE SERVICES

1.0 Purpose of Report

- 1.1 This report seeks approval of the contracting arrangements for the delivery of the Public Sector Decarbonisation Scheme, and the Green Homes Grant Local Authority Delivery Phase 2 programmes.

2.0 Description of Decision

- 2.1 Cabinet is recommended to:

- (i) Note the receipt of funding for £2,219,000 for the Public Sector Decarbonisation Scheme and £1,750,000 for Green Homes Grant Local Programme from the Department for Business, Energy and Industrial Strategy (BEIS) and approve the funding arrangements for delivery of the Project and approve the resultant variation to the Capital Programme.
- (ii) Approve the procurement of contractors to deliver the Public Sector Decarbonisation Scheme (Grant value £2,219,000) and the Green Homes Grant – Local Authority Delivery Phase 2 (Grant allocation £1,750,000).

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. A range of people and organisations have all helped shape the Framework, which sets out ways in which we can all do our part to reduce our carbon footprint, and play a part in the fight to 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 5 thematic areas under which work will be taken forward. These focus on the built environment, green economy, low carbon energy generation and storage, consumption and waste, low carbon and active transport. This Project will make a direct contribution to the strategic priority focused on the built environment.

- 3.4 Recognising that tackling Climate Change is too great a task for any one body/organisation, the 2030 Shadow Board was set up bringing together representatives from across the city such as NHS Sunderland CCG, Gentoo, University of Sunderland, Sunderland College, NE Chamber of Commerce as well with Elected Member representation from each Political Group on the Council. The 2030 Shadow Board drove development of the Low Carbon Framework during 2020 and will play a strategic role in its delivery.

4.0 Energy Efficiency Grant Funding

- 4.1 The Public Sector Decarbonisation Scheme (PSDS) is a £1 billion programme to support public sector organisations to decarbonise their estate. The main focus of the scheme is to decarbonise heating systems.
- 4.2 PSDS was launched in November 2020 with an application deadline of 7th January 2021. The competition was open to applications from all public sector organisations including Central Government, NHS and Local Authorities.
- 4.3 The PSDS offered 100% 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.
- 4.4 Projects are expected to achieve the following objectives:
- Achieve significant lifetime carbon savings at a cost of less than £500 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 post COVID-19.
 - Provide evidence on replicability and scale-up of approach in future projects.

The Council submitted a proposal seeking £2,219,000 grant support from the PSDS. This scheme is administered by Salix Finance on behalf of BEIS. The Project will focus on 8 Council owned properties (City Hall, Evolve, Bunnyhill Centre, Farnborough Court, Houghton Library, Thorney Close Action and Enterprise Centre, Ryhope Customer Service Centre, and Austin House). 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 375 tonnes per annum.

- 4.5 It was confirmed in February 2021 that the PSDS Sunderland proposal had been selected for support. There are several conditions that apply to the grant, including a requirement that the BEIS grant is utilised by 30th September 2021 unless otherwise agreed in writing. Existing procurement frameworks will be utilised to ensure a delivery method compliant with the funding requirements and meet the extremely tight timescales associated with project delivery

- 4.6 The GHG LAD 2 programme was announced in February 2021. £51.95 million was allocated to local authorities based in the North East, Yorkshire and Humber Energy Hubs. Based on fuel poverty indicator Sunderland was allocated a notional £1.77 million.
- 4.7 The Council was required to submit a competitive bid to secure the notional allocation. A proposal was submitted to the Energy Hub on 26/03/21 for £1.75 million. This proposal was to carry out approximately 500 energy efficiency and low carbon interventions in 270 properties across a wide range of tenures on a city-wide basis. Interventions include loft and cavity wall insulation, low carbon heating sources, solar panels and external wall insulation. The Council has recently been advised that the bid was successful and the funding has been secured.
- 4.8 There are several conditions that apply to the grant, including a requirement that the BEIS grant is utilised by 31st December 2021 unless otherwise agreed in writing. Existing procurement frameworks will be utilised to ensure a delivery method compliant with the funding requirements.

5.0 Reason for Decision

- 5.1 Funding for delivery of the Public Sector Decarbonisation Scheme and Green Homes Grant Local Authority Phase 2 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 operational properties and existing housing stock and reducing carbon emissions. The projects will support delivery of the city-wide Low Carbon Framework and target for the Council and the City to become carbon neutral by 2030 and 2040 respectively.

6.0 Alternative Options

- 6.1 The alternative option would be to not progress these Projects. However, as set out above £3.969 million of external funding has been secured from BEIS for these schemes, which would otherwise be lost if the Projects did not proceed.

7.0 Impact Analysis

- 7.1 An equality analysis has been carried out and is attached as appendix A. It is not anticipated that there are any equality issues relating to this funding.
- 7.2 There are no foreseeable risks identified with regards privacy in regards to the works identified in this report.
- 7.3 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.
- 7.4 There are no known implications in regards to the reduction of crime and disorder associated with the works identified in this report.

8.0 Other Relevant Considerations

Financial Implications

- 8.1 The cost and funding implications are set out above, there is no additional match funding commitment towards the capital works from the Council.
- 8.2 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

- 8.3 The Assistant Director of Law and Governance has been consulted on the proposals and her comments are included in the report.
- 8.4 The funding agreements issued in respect of both the PSDS funding and the GHG LAD2 funding will be reviewed by Law and Governance. As with most BEIS capital grant funding of this nature, it is unlikely that there will be the opportunity to enter into detailed negotiations on the terms of any funding agreements.
- 8.5 The funding agreement for the GHG LAD2 funding will be with the Tees Valley Combined Authority, as the accountable body for the North East and Yorkshire Energy Hub which was established by BEIS. The funding agreement for the PSDS funding will be with Salix Finance Limited, who administer the PSDS on behalf of BEIS.
- 8.6 An Equality Analysis has been undertaken in connection with the Projects. It is anticipated that there will be no known negative equalities impacts as a result of the Project.
- 8.7 Policy Implications. 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.

9.0 Glossary

BEIS – Department of Business, Energy and Industrial Strategy
GHG LAD 2 – Green Homes Grant local Authority Deliver Phase 2
PSDS – Public Sector Decarbonisation Scheme

10.0 List of Appendices

Appendix A – Equality Impact Analysis

11.0 Background Information

- 11.1 Further information on the Public Sector Decarbonisation Scheme can be found here:

www.salixfinance.co.uk/PSDS

- 11.2 Further information on the Green Homes Grant Local Authority Delivery programme can be found here:

[Green Homes Grant Local Authority Delivery: successful local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/green-homes-grant-local-authority-delivery-successful-local-authorities)

