

ASHFIELD DISTRICT COUNCIL: EXECUTIVE FUNCTIONS DECISION RECORD

Please use this form to record any Executive Decision taken by an Executive Lead Member or Chief Officer.

TO BE COMPLETED BY THE DECISION TAKER:

1. Title / Subject Matter:

Please give a brief summary of what the decision was about. A short title for future reference would also be helpful.

**Carbon Saving Works to Council Assets - Public Sector
Decarbonisation Fund Bid Phase 3b**

Background

With growing pressure on Local Authorities to be actors in the shift towards a low carbon economy, the Council is striving to pursue a proactive approach towards the decarbonisation of its assets and operations, with particular focus on energy and reducing the Council's energy demand.

The Council has reaffirmed its commitment to doing everything possible to combat climate change including committing to a robust climate change strategy, and to include an assessment of the implications for sustainability and the environment in all relevant reports to Committees.

For the Council to work towards net zero emissions for its own activities, significant investment is required.

The need to reduce energy demand is exacerbated by the recent and future predicted rises in energy costs. Along with the switch to 'green' electricity and ongoing carbon reduction initiatives, the Council continues to bid for Government funding to assist in its quest to minimise energy demand and hence minimise carbon emissions.

The Government continues to issue funding streams to reduce carbon emissions, albeit with stringent criteria and tight timeframes for submission of bids as well as delivery of works where bids are successful.

This EDR will concentrate on the Public Sector Decarbonisation Fund Phase 3b, applicable to non-domestic assets, providing grants for public sector bodies to fund heat decarbonisation and energy efficiency measures.

The emphasis remains on providing grant funding for projects that focus on the decarbonisation of heat. The Department for Business, Energy and Industrial Strategy (BEIS) initiated the PSDS funding to help meet the UK Government's ambitious carbon emissions targets. There are two application types:

- 1) Single year applications are required to complete their projects by 31 March 2024.
- 2) Multi-year applications are for projects which will take more than one financial year to deliver and are required to complete by 31 March 2025.

Key dates for submitting applications

Announcement: PSDS Phase 3b announced in August 2022 along with full scheme guidance material.

Application Portal: The PSDS Phase 3b Application Portal is expected to be opened in September 2022 and will be closed when sufficient applications have been submitted to meet the budget available for PSDS Phase 3b. Applications will only be considered subject to available funds.

Outcome: The intention is to inform Applicants if they have been successful by the end of January 2023.

Project completions: All Applicants awarded funding for single year projects must complete all projects by Sunday 31 March 2024. Applicants successful for multi-year projects must complete by Monday 31 March 2025. Evidence of spend in each financial year will be required.

Project criteria:

Eligible organisations can apply for grant funding for projects which meet a number of criteria including: -

- 1) Applicants must have and be using a fossil-fuelled heating system.
- 2) The heating system in question should be coming to the end of its useful life.

Eligible measures:

These are split into four distinct areas:

- 1) Low carbon heating measures that save direct carbon Low carbon heating systems that include the following measures: Air source heat pump, water source heat pump, ground source heat pump, electric heating and hot water, solar thermal and connect to existing district heating.
- 2) Other measures that save direct carbon Measures that directly contribute to saving direct carbon for example building fabric upgrades, piping insulation and mechanical ventilation heat recovery.
- 3) Measures that save indirect carbon Measures that only save indirect carbon (typically electricity savings) such as Solar PV, LED lighting and energy efficient ventilation.
- 4) Enabling measures - Measures that do not save carbon but enable the installation of measures that do. This can include measures such as electrical infrastructure upgrades, metering, energy storage, etc.

Maximum grant value

There is no cap on the grant amount which can be awarded to PSDS 3b applicants for projects that reduce direct carbon emissions.

Technologies included

Low Carbon Heating Measures include:

- 1) Air source heat pump (air to water)
- 2) Air source heat pump (air to air)
- 3) Water source heat pump
- 4) Ground source heat pump
- 5) Connect to existing district heating
- 6) Hot water - electric point of use heaters
- 7) Solar thermal
- 8) Biomass
- 9) Electric boiler
- 10) Electric radiant strip heater
- 11) Electric radiant panel heater

As PSDS 3b is strongly focused on decarbonisation, technologies reliant on the use of fossil fuels are specifically excluded from the scheme.

Council Bid Proposal

The Council will consider its position and bid accordingly. The content of the bid i.e. which buildings and which measures, is still to be confirmed.

The Council is currently working with Mace Limited in relation to carrying out energy audits across the Council's non-domestic assets as part of the development and implementation of its Decarbonisation Plan. The surveys of the key buildings are nearing completion and will inform the decision making process as to which buildings are to be funded by the Towns Fund or be included within a PSDS bid, with a view to maximise the total funding contribution. Should the PSDS bid be unsuccessful there is still scope to amend which buildings are funded through the Towns Fund.

It is likely that the Centralised Offices will be included in the bid as its heating and distribution system is old and no longer fit for purpose given the many alterations to the building over the last 36 years, and more recently introduced leasing arrangements of large areas of the building. The two other main building potentially suitable for inclusion within a bid are the two Leisure Centres at Lammas and Hucknall.

The choice of approach will be at the discretion of the Director of Housing and Assets and the Director of Place and Communities.

Project Delivery

There is a significant level of specialist expertise required to research, design, procure, project manage and implement such carbon reduction measures.

The Council has the option to engage Mace Limited under the Scape Access Agreement, as experts in this field, although may choose to explore other procurement options if considered beneficial.

Options

Given the above, there are two main options available to the Council:

- 1) Maintain the status quo – do not place a bid application.
- 2) To develop and place a bid (including a financial contribution if required) and carry out the measures if the bid is successful, subject to approval to receive the funding and approval to the Council's financial contribution to the bid/project, and subject to there being no other restrictions preventing installation such as Planning approvals, and subject to formal agreement. If the bid is



not successful, for the Council to consider whether it wishes to carry out the measures anyway, either as one project or forming part of a larger project including other measures across other ADC assets.

2. Is this a Key Decision:

A Key Decision is one that is likely to:

- (a) Result in the Council spending or making savings of over **£50,000 revenue** or **£1m capital**, or;
- (b) Have a significant impact on **two** or more Wards, or electoral divisions in the Council's area.
- (c)

Yes. There is no cost associated with placing the bid, however if the bid is accepted, it will commit the Council to funding in excess of £50k. The impact is likely to be on two or more Wards.

3. Decision Taken:

Briefly summarise what you have decided to do. For instance, to purchase a specific piece of equipment for a specific cost. Don't include any information in your summary that you would not want to be published.

- 1) To develop and place a bid and carry out the carbon reduction measures if the bid is successful, subject to approval to receive the funding and approval to the Council's financial contribution to the bid/project, and subject to there being no other restrictions preventing installation such as Planning approvals, and subject to formal agreement;
- 2) If the bid is not successful, for the Council to consider whether it wishes to carry out the measures anyway (subject to funding being available), either as one project or forming part of a larger project including other measures across other ADC assets;
- 3) To engage with Legal Services to assist with the development/approval of relevant documentation and formal Agreements relating to the funding and, subject to further approval, in relation to project delivery.
- 4) To seek Legal assistance to formalise any relevant Agreements.

4. Reasons for the Decision:

Again, briefly explain why you thought this was the right decision.

To enable the Council to seek funding and reduce its carbon footprint and reduce future energy demand. This will also reinforce that the Council is committed to reducing its carbon footprint and mitigating climate change.



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For the Council to demonstrate a commitment to carbon reduction, all future heating installations to its assets should be by 'renewable' means including electric heat pumps (or alternative carbon friendly means such as Hydrogen if this becomes viable).

5. Copy of the Report or Briefing Note setting out the information which was used as the basis for the Decision:

Please attach the relevant Report or Briefing Note. Unless classified as exempt, this information will be included with the Decision Record and published on the Council's website.

See attached.

6. Was the Decision classed as exempt? If so, what were the reasons for this:

Please refer to the Constitution which explains the legal grounds for exempting from publication information used to make a decision.

N/A

7. Alternative Options Considered / Rejected:

Briefly summarise what other options, if any, you considered and explain why you rejected them.

To not place a bid for such measures would pass up the opportunity to benefit from funding to reduce carbon emissions and reduce energy costs to the Council.

8. Declarations of Interest and Dispensations – if applicable:

Any Declarations of Interest relating to this decision and subsequent dispensations should be listed.

N/A


9. Name / Title of the relevant Executive Lead Member(s) consulted (if appropriate):

N/A



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10. Name / Title of the decision taker: Cllr. Helen-Ann Smith  Deputy Leader and Executive Lead Member for Community Safety and Crime Reduction
Date: 29.9.22.
TO BE COMPLETED BY DEMOCRATIC SERVICES
1. Date that the decision was notified to Members: N/A - Overview & Scrutiny Rule 13 in place
2. Date and time when the Call-In period for this decision ends:
3. Date when the decision can be implemented (five clear working days following publication):
4. Decision Reference Number (if applicable):

The completed form should be emailed to the Democratic Services Team:

democratic.services@ashfield.gov.uk

They will arrange for it to be published on the Council's web site.

EXEMPT OR CONFIDENTIAL BACKGROUND INFORMATION IN SUPPORT OF THE DECISION:

Use this section to share any confidential information. **This will not be published or placed on the Council's web site.** It will only be shared within the Authority, as appropriate.

For further support or guidance please contact Ruth Dennis, Director of Legal and Governance (and Monitoring Officer) ruth.dennis@ashfield.gov.uk or any member of the Democratic Services Team.

Report To:	Delegated Decision
Date:	25.08.22
Heading:	Carbon Saving Works to Council Assets - Public Sector Decarbonisation Fund Bid Phase 3b
Executive Lead Member:	Councillor Tom Hollis, Executive Lead Member for Council and Social Housing
Ward/s:	Various
Key Decision:	Yes
Subject to Call-In:	No

Purpose of Report

The purpose of this report is to inform Members of the recommendations.

Introduction and Background

1. Background

With growing pressure on Local Authorities to be actors in the shift towards a low carbon economy, the Council is striving to pursue a proactive approach towards the decarbonisation of its assets and operations, with particular focus on energy and reducing the Council's energy demand.

The Council has reaffirmed its commitment to doing everything possible to combat climate change including committing to a robust climate change strategy, and to include an assessment of the implications for sustainability and the environment in all relevant reports to Committees.

For the Council to work towards net zero emissions for its own activities, significant investment is required, and in some cases, even where there is no longer term financial benefit. For example, heat pumps (extraction of heat from the ground or air) are comparatively expensive to install, and although the ratio of energy out to energy in is around three to one, it is still more expensive to run than gas heating systems, which would increase the Council's operating costs.

The need to reduce energy demand is exacerbated by the recent and future predicted rises in energy costs. Along with the switch to 'green' electricity and ongoing carbon reduction initiatives, the Council continues to bid for Government funding to assist in its quest to minimise energy demand and hence minimise carbon emissions.

The Government continues to issue funding streams to reduce carbon emissions, albeit with stringent criteria and tight timeframes for submission of bids as well as delivery of works where bids are successful.

The Council has already been successful in placing bids under the Public Sector Decarbonisation Fund, the Green Homes Grant (Local Authority Delivery) Phase 1b, Green Homes Grant (Local Authority Delivery) Phase 2, and the Social Housing Decarbonisation Scheme Wave 1.

This EDR will concentrate on the Public Sector Decarbonisation Fund Phase 3b, applicable to non-domestic assets.

2. Public Sector Decarbonisation Scheme (PSDS) Phase 3b

The Public Sector Decarbonisation Scheme provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures.

The emphasis remains on providing grant funding for projects that focus on the decarbonisation of heat. The Department for Business, Energy and Industrial Strategy (BEIS) initiated the PSDS funding to help meet the UK Government's ambitious carbon emissions targets. In 2019, the UK Government set out targets to achieve Net Zero greenhouse gas emissions across the whole UK by 2050. The majority of buildings in the public sector still rely on burning fossil fuels for heating, hot water and catering. The PSDS places a focus on the decarbonisation of heat within the public sector whilst taking a 'whole building' approach.

The most recent wave of funding, PSDS Phase 3b, was announced this month (August 2022). PSDS Phase 3b sharpens the scheme's focus on cost effective decarbonisation of heat and the overall achievement of carbon emission savings. The scheme, delivered by Salix Finance, gives applicants the opportunity to submit separate applications for separate projects or combine several projects in a single application for a single year fund allocation or a multiyear fund allocation. There are two application types:

- 1) Single year applications are required to complete their projects by 31 March, 2024
- 2) Multi-year applications are for projects which will take more than one financial year to deliver and are required to complete by 31 March 2025.

The intention is also to allow applicants to apply for funding at the PSDS Phase 3b application window for projects with spend in 2024/25 only, using 2023/24 as a planning year. PSDS Phase 3b will allocate up to £635m of funding to public sector organisations, to be spent in financial years 2023/24 and 2024/25. This is split by financial year, with up to £402m to be allocated for 2023/24 and up to £233m to be allocated for 2024/25. On application, organisations must state whether they intend to apply for a single year project or a multi-year project. It will not be possible to convert a single year project into a multi-year project once the application has been submitted.

PSDS Phase 3b is piloting 'sector soft caps' to ensure the funding is allocated fairly across the public sector according to the distribution of carbon emissions across sub-sectors of the public sector. Applications will be allocated on a first-come-first-served basis until a sector cap is reached.

Applicants are expected to contribute funding equivalent to the like-for-like costs of replacing their fossil fuel heating system. For PSDS Phase 3b, this cost is set at a minimum of 12% of total project costs.

To sharpen the scheme's focus on heat decarbonisation, there is a maximum proportion of the grant value that can be claimed for energy efficiency. This maximum proportion will be set at 58% of total grant costs within each application.

Key dates for submitting applications

Announcement: PSDS Phase 3b announced in August 2022 along with full scheme guidance material.

Application Form: The PSDS Phase 3b Application Form is available to download and complete. When applying, Applicants may wish to submit separate applications for separate projects or combine several projects in a single application, grouping their projects together.

Application Portal: The PSDS Phase 3b Application Portal is expected to be opened in September 2022 and will be closed when sufficient applications have been submitted to meet the budget available for PSDS Phase 3b. Applications will only be considered subject to available funds.

Receiving applications: Once the Application Portal opens, Salix will check applications are fully completed and are of the required quality, as stated in the Guidance Notes. All applications must have approval from the Authorising Official for the relevant organisation, include supporting documentation, and mandatory questions must be answered.

Outcome: The intention is to inform Applicants if they have been successful by the end of January 2023.

Project completions: All Applicants awarded funding for single year projects must complete all projects by Sunday 31 March 2024. Applicants successful for multi-year projects must complete by Monday 31 March 2025. Evidence of spend in each financial year will be required.

Eligibility criteria:

Public sector bodies that are contracting authorities in England as defined in the Public Contracts Regulations 2015 are eligible to apply for PSDS Phase 3b. This includes Local authorities.

Project criteria:

Eligible organisations can apply for grant funding for projects which meet the compliance criteria below:

- 1) Applicants must have and be using a fossil-fuelled heating system.
- 2) The heating system in question should be coming to the end of its useful life.
- 3) Applications must include a measure to contribute to decarbonising the heating with a low carbon heating source in each building included in the application. This new low carbon heating system, alongside the energy efficiency measures installed, must meet the heat demand of the original end of life fossil fuel heating system.

- 4) Applicants can include energy efficiency measures and other enabling works where they reduce the heat or electrical demand of the building being heated by the proposed low carbon heating measure. Energy efficiency measures funded through the PSDS will be capped at 58% of the grant value.
- 5) The funding provided to save a tonne of direct carbon (tCO₂e) over the lifetime of the project must be no more than £325 (the Carbon Cost Threshold (CCT)), which is automatically calculated by the Support Tool in the Grant Application Form.
- 6) PSDS Phase 3b is primarily for capital works, however external consultancy and management fees may be included. Existing employee costs or any costs previously incurred cannot be included.
- 7) Reasonable enabling and ancillary works may be included in the application, provided they are directly linked to the core technologies being installed, and these will be reviewed for value for money.
- 8) Individual applications can be to any value and there is not an upper cap. Applicants must demonstrate that they can deliver within the funding timescales.
- 9) Applicants must either own the building that the funding is being used to upgrade or have a long-term lease arrangement where the tenancy agreement places the responsibility for operation and maintenance of the building services on the Applicant.
- 10) Applicants must contribute the cost for a like-for-like replacement at a minimum of 12% of the total project costs - like-for-like costs over 12% should still be contributed by the Applicant in full.
- 11) Single year projects must be complete by Sunday 31 March 2024. Multi-year projects must be complete by Monday 31 March 2025. Funding is not available for projects that cannot deliver to this timeframe, and projects which do not complete before these completion dates will be liable for any project costs incurred after this date. The low carbon heating technology solutions should, wherever possible, be complemented with other measures that will reduce the level of heat demand, such as building fabric insulation, windows and heat recovery systems. Additional measures to reduce high electrical load can also be considered, but only carbon savings from the measures related to direct onsite emissions will count toward carbon compliance criteria. These measures can only be installed where they reduce the heat or electrical demand of the building being heated by the proposed low carbon heating measure.

Applicants are encouraged to take a 'whole building' approach to decarbonising their heating. This is where all the factors that contribute to a building's energy consumption are considered together to identify the most cost effective way to achieve the objective. For example, investment in improving the insulation levels of the building fabric will reduce the overall size of the low carbon heating plant required, as well as save on fuel bills. Also, investment in reducing the peak electricity consumption, such as through installation of more energy efficient lighting, can reduce the need to upgrade a building's electrical infrastructure to accommodate the installation of a heat pump (see Appendix 1 for examples of eligible technologies). Applications will be assessed against how effectively the total energy use of a building has been considered when selecting measures to be installed.

Eligible measures:

These are split into four distinct areas:

- 1) Low carbon heating measures that save direct carbon Low carbon heating systems that include the following measures: Air source heat pump, water source heat pump,

- ground source heat pump, electric heating and hot water, solar thermal and connect to existing district heating.
- 2) Other measures that save direct carbon Measures that directly contribute to saving direct carbon for example building fabric upgrades, piping insulation and mechanical ventilation heat recovery.
 - 3) Measures that save indirect carbon Measures that only save indirect carbon (typically electricity savings) such as Solar PV, LED lighting and energy efficient ventilation.
 - 4) Enabling measures - Measures that do not save carbon but enable the installation of measures that do. This can include measures such as electrical infrastructure upgrades, metering, energy storage, etc.

Whole building' approach to decarbonising heating

Most public sector buildings are reliant on fossil-fuel heating systems. Many of these are coming to the end of their working lives. PSDS 3b narrowly focuses on low carbon heating, however applicants must take a 'whole building' approach to prepare their PSDS Phase 3b application for a low carbon heating system. Heat pump solutions and other low temperature heating systems will achieve the best performance at lower flow temperatures. These lower flow temperatures will generally be between 35-55 °C rather than the 70-80 °C for a traditional oil/gas boiler. Applicants should demonstrate lowering flow temperatures as much as possible to get the best performance out of the new low carbon heating systems.

Additionality criteria

Projects are also required to demonstrate 'additionality' as below: -

- 1) The measures concerned are not required to be installed by law (including building or health and safety legislation); measures that go beyond what is required by law, grant funding can be sought for the increased cost.
- 2) The measures are not being installed with a view to commercial gain (other than the reduction of costs through increased energy efficiency).
- 3) The installation of the measures concerned has not begun.
- 4) Funding for the project which is to be supplied by the PSDS (not including the Applicant contribution) has not been agreed via another source;
- 5) In Salix's reasonable opinion, the project would not take place without the grant.

Maximum grant value

There is no cap on the grant amount which can be awarded to PSDS 3b applicants for projects that reduce direct carbon emissions.

Technologies included

Low Carbon Heating Measures include:

- 1) Air source heat pump (air to water)
- 2) Air source heat pump (air to air)
- 3) Water source heat pump
- 4) Ground source heat pump
- 5) Connect to existing district heating
- 6) Hot water - electric point of use heaters
- 7) Solar thermal
- 8) Biomass

- 9) Electric boiler
- 10) Electric radiant strip heater
- 11) Electric radiant panel heater

Technologies excluded

As PSDS 3b is strongly focused on decarbonisation, technologies reliant on the use of fossil fuels are specifically excluded from the scheme. Regardless of an applicant's financial contribution, no fossil fuel technology can be implemented, and the scheme criteria must apply. This includes measures such as gas replacement boilers, combined hybrid heat pumps and combined heat and power technologies that run at least partially on fossil fuels. New boilers funded by the contribution from the Applicant will also specifically exclude a project from being eligible.

Eligible grant value

- 1) The eligible grant value is calculated by applying the following steps to the total project value. a) Applicants are required to contribute the like-for-like costs, at a minimum of 12% of the total project value. This is defined as all the costs incurred should the existing heating system be replaced with a typical fossil fuel heating system of the required type and size.
- 2) b) Energy efficiency & enabling measure costs up to 58% of total grant value are eligible costs, if energy efficiency measures have a total value greater than 58% of total grant value then the Applicant must cover the costs in excess of 58% of total grant value.*
- 3) c) The total Applicant contribution for all applications must be a minimum of 12% of total project value. If the like-for-like cost is less than 12% of the total project value, then the Applicant will need to provide further funding to bring the total Applicant contribution up to 12%. If the like-for-like cost is greater than 12%, the Applicant will need to contribute the full amount of this cost.
- 4) d) The application must have a Carbon Cost Threshold (CCT) that does not exceed £325 t/CO₂eLT of direct carbon.

*Any costs associated with the low carbon heating technology such as DNO upgrades and enabling works will come under costs on low carbon heating. Other costs will come under energy efficiency costs.

Heating system at the end of its useful life

Applicants can refer to their latest plant service report to determine if the heating plant is at the end of its working life. If this is not available, Applicants can consult the manufacturer's product information or industry guidance such as CIBSE Guide M to understand if their heating system is at the end of its useful life. In the case where the system has reached the end of its useful life sooner than is typically expected, the Applicant must set out the rationale and provide evidence to show why they believe this is the case. This evidence will form an important part of supporting information. Applicants should provide additional evidence and commentary that their existing heating system is at the end of its useful life if the system is less than 10 years old, this could be due to poor design, high operation or other reasons which will all need to be evidenced.

Application process

Applications are to be submitted online (via a dedicated portal) by the applicant directly and not by any external consultant or contractor. Applicants must ensure they have the right resources, supply chains and internal support to deliver a project and evidence must be provided to support this.

Applications will be on a first come first serves basis and so it is essential that the bid is ready to be uploaded when the portal opens. There is a significant risk that the bid may not be able to be submitted as all other bidders nationally will be trying to access the portal at the same time.

Assessment and award of funding

Applications will be assessed by our Energy and Carbon team as well as external technical assessor, who provide added independent assurance that the project is deliverable, and any savings are reasonably achievable.

Issuing a Grant Offer Letter

If the application is successful, applicants will be asked to provide a short summary of their project to publish on gov.uk. Once received, confirmation of the grant funding will be sent to Applicants by Salix in a Grant Offer Letter via email. A copy of this letter must be signed by the public body's Authorising Official and returned to Salix within fifteen working days. This will happen once Grant funding becomes available. The Grant Offer Letter outlines the terms and conditions of receiving the grant value allotted to the PSDS 3b approved project. It includes the grant start and end dates and several schedules which will be used as a template for monitoring and reporting during the grant period.

Post completion monitoring and reporting

For monitoring purposes, as well as the monthly updates, applicants will also be required to provide monitoring data for three years post-installation to inform whether measures achieved the expected outcomes. Once the project is completed, the recipient will be asked to provide an annual monitoring report for the next three years to tell us whether the funded measures are achieving the expected outcomes. Recipients will also report when they have made the retention payments to their contractors if this arrangement is in the contract.

Evaluation

It is the intention of BEIS to conduct an evaluation of this scheme. As such, Salix will ask for permissions to share recipients' information with BEIS and those engaged in performing an evaluation of the scheme, for the purposes that recipients be contacted to invite their participation.

Audit

Salix is responsible for taking reasonable steps to monitor grant recipients' use of funding awarded, including the delivery of the projects for which this funding was approved. This will include taking audits of a sample of projects. In some cases, these will be undertaken, both during the delivery of projects and post project completion or at end of

the project only. Each audit will comprise a financial audit of the project and in some cases an onsite review of the project delivery.

Risk

There is an incredibly short timeframe between the announcement of the funding and placing bids. The Council will aim to develop a suitable bid in time for the opening of the bid portal, however we are of the understanding that it is necessary to have a number of officers potentially placing the bid at the same time as there will also be potentially hundreds of other bidders looking to access the bid portal the second it is opened.

Should the Council be successful in developing a bid in time and placing the bid, the Council will be notified accordingly as to whether the bid is successful or not. If successful, there are deadlines for delivery. Further approval will be sought with regard to the receipt of funding as well as the financial contribution by the Council.

There remains a very high demand for limited materials, specialists and installation contractors, which places a high risk in terms of meeting stipulated timelines for project completion. Funding will be lost for completions beyond the deadline.

Additionally, construction related costs continue to escalate, so there is a risk that the Councils' funding contribution will be significant. Costs for the delivery of measures is not known at this stage.

Works will be subject to relevant approvals e.g. Building Regulations and Planning approvals.

Council Bid Proposal

The Council will consider its position and bid accordingly. The content of the bid i.e. which buildings and which measures, is still to be confirmed.

The Council is currently working with Mace Limited in relation to carrying out energy audits across the Council's non-domestic assets as part of the development and implementation of its Decarbonisation Plan. The surveys of the key buildings are nearing completion and will inform the decision making process as to which buildings are to be funded by the Towns Fund or be included within a PSDS bid, with a view to maximise the total funding contribution. Should the PSDS bid be unsuccessful there is still scope to amend which buildings are funded through the Towns Fund.

It is likely that the Centralised Offices will be included in the bid as its heating and distribution system is old and no longer fit for purpose given the many alterations to the building over the last 36 years, and more recently introduced leasing arrangements of large areas of the building. The two other main buildings potentially suitable for inclusion within a bid are the two Leisure Centres at Lammas and Hucknall. For these to be beneficial to the Council, a Variation to the contract between the Council, as owner of the buildings, and the current Operator contract would be required with appropriate approval/consent from the current Operator.

The Northern Depot will be eligible for inclusion in the PSDS bid although it is not intended to be included at this stage pending the outcome of the current review of the Depot site, unless circumstances change in relation to this review.

The choice of approach will be at the discretion of the Director of Housing and Assets and the Director of Place and Communities.

Project Delivery

There is a significant level of specialist expertise required to research, design, procure, project manage and implement such carbon reduction measures.

The Council has the option to engage Mace Limited under the Scape Access Agreement, as experts in this field, although may choose to explore other procurement options if considered beneficial.

3) Options

Given the above, there are two main options available to the Council:

- 1) Maintain the status quo – do not place a bid application.
- 2) To develop and place a bid (including a financial contribution if required) and carry out the measures if the bid is successful, subject to approval to receive the funding and approval to the Council's financial contribution to the bid/project, and subject to there being no other restrictions preventing installation such as Planning approvals, and subject to formal agreement. If the bid is not successful, for the Council to consider whether it wishes to carry out the measures anyway (subject to available funding), either as one project or forming part of a larger project including other measures across other ADC assets.

Recommendation(s)

Option 2 is recommended.

- 1) To develop and place a bid and carry out the carbon reduction measures if the bid is successful, subject to approval to receive the funding and approval to the Council's financial contribution to the bid/project, and subject to there being no other restrictions preventing installation such as Planning approvals, and subject to formal agreement.
- 2) If the bid is not successful, for the Council to consider whether it wishes to carry out the measures anyway (subject to available funding), either as one project or forming part of a larger project including other measures across other ADC assets, and
- 3) To engage with Legal Services to assist with the development/approval of relevant documentation and formal Agreements relating to the funding and, subject to further approval, in relation to project delivery.
- 4) To seek Legal assistance to formalise any relevant Agreements.

Reasons for Recommendation(s)

To enable the Council to seek funding and reduce its carbon footprint and reduce future energy demand. This will also reinforce that the Council is committed to reducing its carbon footprint and mitigating climate change.

For the Council to demonstrate a commitment to carbon reduction, all future heating installations to its assets should be by 'renewable' means including electric heat pumps (or alternative carbon friendly means such as Hydrogen if this becomes viable).

Alternative Options Considered

(with reasons why not adopted)

To not place a bid for such measures would pass up the opportunity to benefit from funding to reduce carbon emissions and reduce energy costs to the Council.

Detailed Information

N/A

Implications

Corporate Plan:

Cleaner and greener – to reduce the Council's carbon footprint and reduce energy costs.

Legal:

Legal Services will provide advice and assistance in relation to appropriate agreements as required if the bid is successful. [RLD 01/09/2022]

Finance: [PH 31/08/2022].

Budget Area	Implication
General Fund – Revenue Budget	<i>None at this stage – this will only be known once the outcome of the bid has been confirmed and a decision taken concerning whether the Council wishes to receive the funding and contribute relevant match funding.</i>
General Fund – Capital Programme	<i>None at this stage – this will only be known once the outcome of the bid has been confirmed and a decision taken concerning whether the Council wishes to receive the funding and contribute relevant match funding.</i>
Housing Revenue Account – Revenue Budget	<i>As above (however it is very unlikely that a bid would include HRA assets as these are limited to Community Centres only).</i>
Housing Revenue Account – Capital Programme	<i>As above (however it is very unlikely that a bid would include HRA assets as these are limited to Community Centres only).</i>

Risk:

Risk	Mitigation
To not develop or place a bid, or not meet the deadline for delivery if funding is offered to, and accepted by, the Council.	<i>To utilise relevant specialists in the development of the bid where possible; to aim to place the bid upon opening of the bid portal; to engage relevant specialists in the design and delivery of the project, subject to relevant approvals e.g. receipt of funding and financial contribution by the Council.</i>

Human Resources: [KB 13/09/22]

There are no direct HR implications contained in the report however should funding be acquired there may be HR implications in relation to fulfilling the project which would be covered in subsequent reports.

Environmental/Sustainability

The works covered by this EDR will contribute towards the reduction of the Council's carbon footprint and reduce energy demand (utility bills).

Equalities:

There are no perceived Equalities implications.

Other Implications:

N/A

Reason(s) for Urgency

In accordance with Overview and Scrutiny Procedure Rule 13 (Call In of Executive Decisions) and the fact that the decision needs to be taken immediately to meet the deadline for submitting a bid for funding (Public Sector Decarbonisation Fund Phase 3b), the decision is deemed to be urgent and will therefore not be subject to the call-in procedure.

Reason(s) for Exemption

(if applicable)

Background Papers

(if applicable)

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