

# BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

Report of the Executive Director (Place)

## **PUBLIC SECTOR DECARBONISATION SCHEME (PSDS) 2021/22**

### **1. PURPOSE OF REPORT**

- 1.1 To seek Cabinet approval for the Council to accept total funding of £5,647,940 from the Public Sector Decarbonisation Scheme (PSDS) and request approval to enter into contracts with third party providers to deliver the project on the Council's behalf.

### **2. RECOMMENDATIONS**

**Is it recommended that Cabinet:**

- 2.1 **Approve that the Council accepts the funding of £5,647,940 from the Public Sector Decarbonisation Scheme;**
- 2.2 **Approve that the Council enters into a contract with Ameresco to develop and deliver the Council buildings element of the project on its behalf; and**
- 2.3 **Approve that the Council provide funding to develop and deliver the BSF Schools element of the project through the existing Project Agreement mechanisms.**

### **3. INTRODUCTION**

- 3.1 The UK government made a fund of £1 billion available to the public sector in October 2020 through the Public Sector Decarbonisation Scheme (PSDS), administered by non-governmental organisation (NGO) Salix.
- 3.2 The scheme was open to all public sector organisations and offered 100% grant funding to support energy and carbon saving projects in public buildings which were able to meet funding criteria.
- 3.3 The scheme is intended to deliver stimulus to the low carbon economy, as well as improving energy efficiency and reducing carbon emissions in the public estate.
- 3.4 Funding criteria included the total amount of carbon saved by the project, and how quickly the organisation could commit to deliver the project.

### **4. PROPOSAL AND JUSTIFICATION**

- 4.1 Sustainability & Climate Change (S&CC) made a total of three bids into the fund:
- I. Elsecar Heritage Centre Low Carbon Heat;
  - II. Ameresco Low Carbon Buildings; and
  - III. BSF Schools BMS.

- 4.2 The fund administrator Salix have confirmed that the Ameresco project and the Building Schools for the Future (BSF) Schools projects will be funded, subject to conditions. Conditions relate to the provision of data and information throughout the project development and delivery phase to ensure adherence to cost and time constraints.

### **Ameresco Low Carbon Buildings**

- 4.3 Sustainability & Climate Change (S&CC) used an existing framework with Ameresco, a major energy services provider, to develop the high-level assessment (HLA) required to submit the funding application.
- 4.4 Ameresco have been commissioned to identify and install energy efficiency improvements at the Metrodome. Other key strategic Council buildings, including leisure centres, were included in that previous procurement exercise which enabled a fast route to market to meet the tight timescales to submit a full funding application.
- 4.5 Energy efficiency works identified include upgrades to heating systems and lighting, as well as installation of on-site renewable generation such as solar photovoltaic panels. Funding is 100% grant with no Council match required at this stage.
- 4.6 The HLA has identified savings of potentially 632 tonnes of greenhouse gas emissions (tCO<sub>2</sub>e) per year, amounting to around 46% of total emissions for the project buildings.
- 4.7 The next stage will be to contract with Ameresco to develop the investment grade proposal (IGP) following in-depth survey of the buildings selected.
- 4.8 Several measures will replace existing systems, such as lighting or heating where it is expected that this will result in a cost saving to the Council in terms of capital cost of replacement for these building services at end-of-life.
- 4.9 Most energy efficiency measures also deliver a reduction in revenue costs through energy expenditure. However, where natural gas boilers are being replaced with electric air-source heat pumps, there is likely to be a small increase in revenue costs but reduction in carbon emissions.
- 4.10 The increase in costs is due to the current low cost of natural gas compared to electricity. This is expected to change as carbon taxes and other non-commodity charges are added to gas bills to both financially disincentivise the use of fossil fuels and to raise funds to support further decarbonisation initiatives.
- 4.11 Delivering these measures now will give the Council an immediate carbon saving contributing directly to the Zero40 Sustainable Energy Action Plan (SEAP) targets.

### **BSF Schools BMS**

- 4.12 S&CC identified an opportunity to work with Amey, the FM contractor for the Building Schools for the Future (BSF) portfolio of 8 private finance initiative (PFI) and 3 design and build (D&B) secondary schools.

- 4.13 Amey as the contracted facilities management (FM) provider for the school are responsible for the appointment of a contractor to deliver the project.
- 4.14 The Council can fund the project through the existing contract mechanisms and Project Agreement and S&CC are working with the schools Contract Managers to enable this process.
- 4.15 The improvements will result in energy saving at the sites, and the Council and schools are expected to benefit from a reduction in revenue costs for utilities.

## **5. CONSIDERATION OF ALTERNATIVE APPROACHES**

### **Do nothing / counterfactual**

- 5.1 Funding offered under the PSDS is 100% grant funding and aligns with the Council's objectives to reduce our carbon emissions and the emissions of the wider borough (Zero40/45). The available funding will also provide new building services, reducing the Council's ongoing capital requirements and maintenance costs as well as reducing revenue costs. For this reason, this approach is not recommended.

## **6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS**

## **7. FINANCIAL IMPLICATIONS**

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 This report outlines the funding opportunity from the Public Sector Decarbonisation Scheme, representing £5.648M of capital grant income for projects relating to reducing the carbon footprint of the Council's estate and the BSF Schools estate.
- 7.3 The funding is subject to meeting eligibility criteria with Salix. The Council's Project Manager will continue to work closely with Salix to ensure that the identified opportunities remain compliant throughout the project development and delivery.
- 7.4 The key condition of receiving this grant is that it must be spent by August 28<sup>th</sup> 2021. Failure to do so, would result in potential grant clawback to the Government. Officers will monitor the actual expenditure periodically to minimise the risk of potential clawback.
- 7.5 The exact scope of the projects is subject to further survey and detailed design works, but it is currently anticipated that the projects will consist of replacing fundamental systems such as lighting and heating, in a number of the Council's buildings, as well as upgrade to building management systems (BMS) in the BSF Schools estate buildings.
- 7.6 The current estimated programme of works for each project is shown and described in the tables below:

### **Ameresco Low Carbon Buildings**

Location	Anticipated Works	Estimated Cost £M
Digital Media Centre	LED Lighting, BMS Upgrade, Solar PV, Air Source Heat Pumps	0.663
Westgate Plaza	LED Lighting, BMS Upgrade, Solar PV, Air Source Heat Pumps, Air Conditioning Controls, Electronically Commutated Motors	1.123
Gateway Plaza	LED Lighting, BMS Upgrade, Electronically Commutated Motors	0.059
Barnsley Town Hall	BMS Upgrade, Solar PV, Air Source Heat Pumps, Building Fabric Improvements	0.664
Crematorium	BMS Upgrade	0.016
Royston Leisure Centre *	BMS Upgrade, Solar PV, Air Source Heat Pumps	0.545
Hoyland Leisure Centre *	BMS Upgrade, Solar PV, Air Source Heat Pumps, Electronically Commutated Motors	0.729
Dearneside Leisure Centre *	LED Lighting, BMS Upgrade, Solar PV, Air Source Heat Pumps, Electronically Commutated Motors	0.517
<b>TOTAL</b>		<b>4.316</b>

\* Denotes buildings managed by Barnsley Premier Leisure (BPL).

### BSF Schools BMS

Location	Anticipated Works	Estimated Cost £M
Dearne ALC *	BMS Upgrades	0.126
Springwell *	BMS Upgrades	0.073
Netherwood *	BMS Upgrades	0.154
Greenacre *	BMS Upgrades	0.082
Horizon *	BMS Upgrades	0.192
Holy Trinity *	BMS Upgrades	0.107
Penistone	BMS Upgrades	0.169
Kirk Balk *	BMS Upgrades	0.135
Carlton *	BMS Upgrades	0.083
Darton *	BMS Upgrades	0.103
Shafton *	BMS Upgrades	0.108
<b>TOTAL</b>		<b>1.332</b>

\* Denotes schools that have converted to Academy status.

7.7 The programme is indicative at this stage as further design works are required to develop the programme in preparation for delivery.

7.8 The programme will be financially managed accordingly to ensure that the project is contained within the separate budgets of £4.316M and £1.332M respectively. Any potential overspends on the various elements will be managed out via the overall programme management by utilising resources in other elements of the programme or reducing the scope of the project in compliance with Salix eligibility criteria.

7.9 While most of the building services energy efficiency improvements will save revenue costs from reduced energy bills, some measures may increase costs while reducing carbon. This is where heating systems are being changed from natural gas boilers to electric air-source heat pumps. This cannot be quantified at this stage.

7.10 It should be noted that a number of buildings identified for works are managed by Barnsley Premier Leisure (BPL) on the Council's behalf and therefore any change in revenue costs as a result of these proposals, will impact BPL directly.

## **8. EMPLOYEE IMPLICATIONS**

8.1 Some minor inconvenience may be experienced by building users while works are carried out. All potential issues will be managed with Property to ensure disturbance is kept to a minimum for Council owned buildings.

## **9. COMMUNICATIONS IMPLICATIONS**

9.1 This is a very positive story for the Council and demonstrates our commitment to our stated carbon net zero ambitions and shows action on our declaration of Climate Emergency in 2019 and we will be sharing news of the successful funding bid through press releases and on our external website and social media channels

## **10. CONSULTATIONS**

Asset Management	Tim Hartley
Property	David Sturrock
Facilities Management	Rachel Tyas
Environmental Services	Anthony Devonport
Finance	Steve Loach
Finance	Phil Danforth
Finance	Cat Pantry
Corporate Procurement	Melissa Barker
PFI/BSF Contract Management	Kevin Precious
PFI/BSF Contract Management	Julie Youel

## **11. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK**

11.1 The project will reduce carbon emissions in our built estate and contribute directly to both the Zero40 and Zero45 strategy, as well as directly addressing the aims of the Energy Strategy 2015-2025, and protecting the borough for future generations

## **15. RISK MANAGEMENT ISSUES**

15.1 The key condition of receiving this grant is that it must be spent by August 28<sup>th</sup> 2021. Failure to do so, would result in potential grant clawback to the Government. Officers will monitor the actual expenditure periodically to minimise the risk of potential clawback. The timeframe is demanding but suppliers are already in place to deliver the works and have committed to achieving the deadline required.

15.2 Council Project Management will need to report monthly to Salix on progress and expenditure to enable tracking of project completion and identify any potential risks

- 15.3 The Council must provide a project outcome report to Salix which details whether the project has been a success in terms of delivering on the projected energy and carbon savings.
- 15.4 Clearly project delivery will be taking place in the midst of the Coronavirus pandemic, and all risk management will need to account for Coronavirus risks in all working practices and method statements.

## 16. GLOSSARY

ASHP	Air-Source Heat Pump
BSF	Building Schools for the Future
BMS	Building Management System
D&B	Design & Build
FM	Facilities Management
HLA	High Level Assessment
IGP	Investment Grade Proposal
LED	Light-emitting Diode
NGO	Non-Governmental Organisation
PSDS	Public Sector Decarbonisation Scheme
PV	Photovoltaic

## 17. LIST OF APPENDICES

Appendix A – Financial Implications

## 18. BACKGROUND PAPERS

A previous paper for information only on the high level bidding plan was submitted to Place DMT and is available on request.

**Officer Contact** George Lee

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