

Executive Decision Report

Climate Emergency | Decarbonisation measures to Schools and Council buildings

Decision to be taken by: City Mayor
Decision to be taken on: 25 March 2021
Lead Director: Matthew Wallace

Useful information

- Ward(s) affected: all
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- Report version number: v1

1. Purpose

- 1.1 To provide details of additional grant that Leicester City Council is to receive for investment into its estate to reduce our carbon footprint.
- 1.2 To explain the type of investment that will be made as part of this programme, the timeframe along with the delivery proposal.
- 1.3 To summarise the financial breakdown of the programme and detail the contribution required by the Council to release this funding.

2. Summary

- 2.1 The Council has been successful in bidding for a £24.25m of external funding to commence its climate emergency action plan to its buildings. This significant sum will enable the retro-fitting of the latest energy efficiency technology to its assets to achieve carbon and cost savings. This investment will be mainly into schools but also into other Council buildings such as leisure centres
- 2.2 The grant conditions require the Council to a contribution of £853k towards the scheme. It is proposed the funding comes from a transfer from the Schools capital maintenance budget.
- 2.3 This report proposes to add £25.1m to the capital programme to spend immediately and complete by September 2021. This amount includes the Councils contribution towards the scheme
- 2.4 The Council is amongst 22 Local Authorities to receive a grant and has been awarded one of the highest amounts in England. The scheme is a significant opportunity for the Council to boost its climate emergency action plan, making improvements to the local environment along with providing long term financial savings through reductions in energy costs.

3. Recommendations

3.1 The Executive is recommended to:

- a) Approve the addition of £25.1m to capital programme for the funding of energy efficiency technology on the Council's estate, this is to be funded from £24.25m of Section 31 grant and £853k transfer from the Children's capital maintenance budget.
- b) Approve the addition of £88k to the capital programme for the development of a Heat Decarbonisation Plan funded by Government Grant.

4. Report:

4.1 In September 2020 the Department for Business, Energy and Industrial Strategy (BEIS) launched the Public Sector Decarbonisation Scheme (PSDS). The Grant Scheme offered £1bn of grant funding which aligns with BEIS' new mission and priorities: fighting coronavirus, backing business, unleashing innovation and tackling climate change. The scheme also encourages green investment, supporting the Government's net-zero and clean growth goals.

4.2 The Scheme is administered by Salix Finance, a wholly owned business of BEIS. It provides funding for capital energy efficiency and heat decarbonisation projects within public sector non-domestic buildings. This aim is to deliver stimulus to the energy efficiency and heat decarbonisation sectors, supporting jobs and to deliver significant carbon savings within the public sector.

4.3 As part of the Council's climate emergency action plan, Estates and Building Services had already begun surveying the Council's estate, including schools to provide a comprehensive dataset to inform our future capital programme. This preparatory work placed the Council in a strong position to make a bid at the launch of the PSDS, giving a LCC a distinct advantage.

4.4 The scope of the scheme invited bids for measures including low carbon heating, insulation, glazing, heating controls, and heat pumps. The Council has submitted three large programme bids, totalling £25.1m covering 55 local authority council owned schools and 37 other buildings (including leisure centres). Bids also include the administrative and project delivery costs incurred by the Council. Under the PSDS these measures are classed as 'category 1 and 2 measures.

4.5 The Council's combined bid is shown below. Note – this includes the Council's

contribution to the scheme;

Project measures	Cost (£'000)
Solar PV	£1,986
LED - new fitting	£2,397
Double glazing	£8,531
Roof insulation/replacement	£4,574
Wall insulation	£201
Building energy management system	£54
Air Source Heat Pump (air to water)	£7,116
Ventilation & air handling units	£247
	£25,106

- 4.6 The scheme will deliver carbon savings of 2,903tCO₂e per annum across the estate (1,092tCO₂e from council building savings, and 1,811tCO₂e from school savings) which equates to 8.2% of the council building's footprint and 13.1% on the schools' footprint. In context, last year there was a 9% reduction in the council buildings and 6% reduction in schools (mainly due to the grid decarbonising), therefore we expect to see a combine saving. Additionally, the Council and Schools will benefit from the revenue savings of the scheme annually which are forecast to be £689k. Although payback has been calculated this is a grant (not a loan) and therefore not relevant.
- 4.7 A criteria of the scheme is that the Council provides a match funding contribution to any elements proposed that do not fulfil the grant criteria of £500 cost per ton saved. Consequentially the Council is obligated to contribute £853k towards the cost of its proposal to meet any application carbon shortfalls. This contribution means the Council will receive a grant of £28 for every £1 it invests into the scheme.

Project Delivery

- 4.8 The Council will self-manage the delivery of the projects with minimal specialist support from its consultancy framework. The grant includes funding for the project delivery costs which will be used for this purpose.
- 4.9 The works will be carefully planned with schools to minimise disruption wherever possible but due to the strict delivery timeframe, with an imposed completion deadline of 30 September 2021, inevitably some works will take place in term time. Where term time works are necessary, the provision of education will take priority.
- 4.10 Works to other Council buildings will be planned with service leads to minimise the service impact, with the aim to find a balance between project delivery and the important role our services have in our local post Covid19

recovery.

- 4.11 The Council intends to use its own construction framework to bundle schemes into work packages to be delivered by the Council's pre-appointed framework of contractors. Where this is not viable to do so the Council will seek to use another compliant public sector framework. The Council will approach the market using its own procurement portal for all works that cannot be delivered by a framework.

Ongoing obligations

- 4.12 Once complete the council must ensure that sufficient maintenance arrangements are made for each site and must also capture regular meter readings to evidence the energy reduction of each site. A governing body agreement is proposed to cascade this responsibility to schools, and they will be encouraged to signify the commencement of the programme by the declaration of a climate emergency which will support the Council's own declaration. This agreement will novate with academy convertors as part of their Commercial Transfer Agreement.
- 4.13 A traded offer is proposed for schools under the Built Environment Support Service (BESS) which is provided by EBS for the ease of maintenance. Schools may either enter this or make their own service arrangements and evidence these to the Council annually.

Heat Decarbonisation plan

- 4.14 The Council is obligated under the term of the Grant to create a heat decarbonisation plan (HDP) for its buildings. The purpose of the HDP is to describe how the Council intends to replace fossil fuel reliant systems with low carbon alternatives (e.g. heat pumps). A HDP outlines the current state of an organisation's energy use and its plans for reducing and/or decarbonising its energy use. The plan will target what actions are going to be taken, over what timescales, and the intended outcomes. The completed plan will be presented to the executive in the autumn of 2021.

Grant receipt

- 4.15 On acceptance of the Grant terms and conditions Salix will make a Section 31 payment directly into the Council's budget in March 2021.
- 4.16 A further grant of £88k has been offered in the 2019/2020 financial year which will fund the heat decarbonisation plan of the Council.

Further future opportunities

- 4.17 Estates and Building Services will use the HDP to form the basis of a bid to any future PSDS grant schemes. This is expected to identify opportunities for works to the buildings that are not in scope of this current programme and to identify how smart technology can aid the intelligent management of

built assets. The Salix PSDS regards these technologies as 'category 3' measures which may be funded for buildings that already have been carbon optimised through 'category 1 and 2' measures – our current programme.

- 4.18 Finally Estates and Building Services recognises the benefit this scheme has towards the Council's capital maintenance programme and therefore will be re-profiling this programme accordingly.

5 Financial Implications

The report proposes to add £25.1m to the capital programme to fund investment into the Council's estate to assist with reducing our carbon footprint. The funding for this scheme will come from government grant of £24.25m and match funding of £0.85m from the school's capital maintenance budget.

A second approval is also sought to add £88k to the capital programme for the development of a Heat Carbonisation Plan to be funded by government grant.

Amy Oliver

6. Legal

The Council will be subject to the terms of the grant agreement with Salix including any potential penalty and clawback provisions in the event that the targets/outputs required by the agreements not being met. Accordingly Legal Services should be involved in reviewing the terms and conditions of the Salix grant agreement to ensure they are agreeable and to inform of the Council's obligations under it.

All contracts to be entered into in relation to the programme should be procured in accordance with both the Contract Procedure Rules and Public Contract Regulations 2015. Where the Council's construction and Consultancy frameworks are used, contracts must be called off in accordance with the provisions of the framework terms and conditions. Legal Services should be involved in all these matters.

Dominic Taylor (Solicitor) Ext 37 3560

7. Equalities

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and

those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report seeks approval for the addition of £25.1m to capital programme for the funding of energy efficiency technology on the Council's estate. There are no direct equality implications arising from the report. However positive environmental changes will improve the quality of life of all our residents and help to avoid the impacts of climate change.

Surinder Singh, Equalities Officer, Ext 37 4148

8. Climate change

Energy use in Leicester City Council's corporate buildings was responsible for carbon emissions of 13,275tCO₂e in 2019/20, with schools responsible for a further 13,800 tCO₂e. Following the council's declaration of a climate emergency, tackling emissions from the buildings under its control and influence is therefore vital to achieving its ambition of achieving carbon neutrality and leading by example in the city. As emissions reductions so far have been in large part due to electricity grid decarbonisation, capital measures to reduce heating energy use and increase renewable energy generation will be of particular importance.

Through the Salix scheme a wide range of measures will be fitted to the buildings involved included solar PV panels, LED lighting, double glazing, roof and wall insulation, air-source heat pumps and ventilation units. As noted within the report, it is expected that the scheme will reduce annual carbon emissions by 2,903 tCO₂e (1,092 tCO₂e from council building savings, and 1,811tCO₂e from school savings), therefore making a very significant positive impact on the overall carbon footprint from corporate and school buildings. The Heat Decarbonisation Plan will also play an important role in enabling future retrofit works and therefore carbon savings.

Aidan Davis, Sustainability Officer, Ext 37 2284

9. List of Appendices

Appendix A – buildings in scope

10. Background information and other papers:

None

11. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

12. Is this a “key decision”?

Yes

13. If a key decision please explain reason

The report proposes capital expenditure in excess of £1m and will have city wide impact.

Appendix A – Schools and Council buildings in scope

Schools

Alderman Richard Hallam Primary School
Avenue Primary School
Barley Croft Primary School
Beaumont Leys School
Beaumont Lodge Primary School
Bridge Junior School
Buswells Lodge Primary School
Caldecote Community Primary School
Carisbrooke Specialist Learning Centre
Catherine Infant School
Catherine Junior School
Charnwood Primary School
Coleman Primary School
Dovelands Primary School
Ellesmere College
Evington Valley Primary School
Eyres Monsell Primary School
Fullhurst Community College, Imperial Campus
Glebelands Primary School
Granby Primary School
Hazel Community Primary School
Herrick Primary School
Imperial Avenue Infant School
Inglehurst Infant School
Inglehurst Junior School
King Richard III Infant & Nursery School
Linden Primary School
Marriott Primary School
Mayflower Primary School
Medway Community Primary School
Mellor Community Primary School
Merrydale Infant School
Moat Community College
Montrose Primary School
Nether Hall School
New College Leicester
Parks Primary School
Rolleston Primary School
Rushey Mead Primary School
Sandfield Close Primary School
Scraptoft Valley Primary School
Shaftesbury Junior School

Slater Primary School
Spinney Hill Primary School
St Barnabas C of E Primary School
St Mary's Fields Primary School
Stokes Wood Primary School
Taylor Road Primary School
Whitehall Primary School
Willow Bank Day School - Children's Hospital
Wolsey House Primary School
Wyvern Primary School

Leisure Centres

Braunstone Leisure Centre
Cossington Street - Pool
Cossington Street - Gym
Evington Leisure Centre
Saffron Lane
Spence Street - Pool
Spence Street – Gym

Other Council Buildings

African Caribbean Centre
Alliance House
Barnes Heath House Community Home
Beaumont Leys CYPFC
Beaumont Leys Library
Belgrave CYPFC
Belgrave Library
Belgrave Neighbourhood Centre
Braunstone CYPFC
Data Centre
De Montfort Hall
Dunblane Ave Community Home
Every Street 7-9
Evington Library
Eyres Monsell CYPFC
Fosse Centre
Highfields CYPFC
Humberstone Heights Golf Course
Knighton Library
Netherhall CYPFC
Netherhall Rd Community Home
New Parks CYPFC
New Parks House/Pindar Nursery

New Parks Library
Phoenix House
Pork Pie Library
Rushey Mead Recreational Centre
Sovereign House
St Barnabas Library
St Matthews Centre
Wigston Lane Community Home
York House