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| Is this report confidential? | No |

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| **Report of** | **Meeting** | **Date** |
| Director of Communities (Introduced by Cabinet Member for Health and Wellbeing) | Council | 22 September 2021 |

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| Is this decision key? | Not applicable |

# Public Sector Decarbonisation Scheme Phase 3 Grant Bid

# Purpose of the Report

1. To approve steps to enable the Council to apply for Public Sector Decarbonisation Scheme, Phase 3 grant funding offered by the Department for Business, Energy and Industrial Strategy (BEIS) to allow decarbonisation works to be undertaken at the Civic Centre, Moss Side Depot, South Ribble Tennis Centre, Leyland, Bamber Bridge and Penwortham Leisure Centres, as part of the Council’s work to achieve carbon neutrality across its estate.
2. To approve creation of a £223,000 budget funded by a grant awarded to the authority under the Low Carbon Skills Fund.
3. To approve, if successful, the utilisation of existing capital budgets to provide a Council contribution under the Public Sector Decarbonisation Scheme.
4. To approve the submission of a grant application as part of the DEFRA Air Quality Grant Scheme, to fund additional work in schools and measures to combat air quality within designated Air Quality Management Areas (AQMAs).

## Recommendations to Full Council

Public Sector Decarbonisation Scheme

1. To approve the submission of grant applications for the six identified buildings as part of the BEIS Public Sector Decarbonisation Scheme Phase 3 (PSDS3) grant offer.
2. To approve the capital contribution of up to £500,00 for the equivalent ‘like for like’ replacement of existing fossil fuel plant following successful award of the grant funding. This will include the utilisation of some of the existing capital budgets for Civic Centre, Corporate Buildings and Leisure Centre Refurbishment
3. To delegate final approval to proceed (including Council contribution) following the grant award offer, to the Cabinet member for Health and Wellbeing up to a total of £500,000 contribution.
4. To approve the creation of a budget equivalent to the value of any successful grant bid, following successful award of the Public Sector Decarbonisation Scheme grant funding to allow the works to commence. It is estimated this could be in the region of £4 to 5m.

Low Carbon Skills Fund

1. To approve the creation of a budget following the application to the Low Carbon Skills Fund (LCSF) and the award of £223,000 to produce additional decarbonisation plans for the remaining Council estate and further feasibility studies for the Civic Centre, Moss Side Depot, South Ribble Tennis Centre, Leyland, Bamber Bridge and Penwortham Leisure Centre’s.
2. To approve the utilisation of the £223,000 Low Carbon Skills Funding following an appropriate procurement exercise to achieve the aims of the grant application.

DEFRA Air Quality Grant

1. To approve the submission of grant application as part of the DEFRA Air Quality Grant Scheme, to fund additional work in schools and measures to combat air quality within designated Air Quality Management Areas (AQMAs).
2. To approve the creation of a budget equivalent to the grant value following successful award of the DEFRA Air Quality Grant Scheme. There is no defined limit for this funding but indicative amounts are between £10,000 and £60,000.

## Reasons for recommendations

1. In July 2021 the Council approved the Climate Emergency Action Plan, the Action Plan included a commitment to make the Council estate carbon neutral by 2030.
2. At the same meeting the Council approved a Decarbonisation Plan identifying what works were required to the largest six energy consuming buildings within the Councils estate; namely The Civic Centre, Moss Side Depot, South Ribble Tennis Centre, Leyland, Bamber Bridge and Penwortham Leisure Centre (The big 6).
3. This Decarbonisation plan identified the works required to decarbonise these six buildings and the indicative costings for these. These works included LED lighting, Air Source Heat pumps and solar panels etc.
4. The cost of these works has been estimated at **£4,138,200.**
5. In order to achieve the Council’s net-zero carbon goal this work will need to be undertaken at some point in the next nine years.
6. The BEIS have recently announced (8th September) a third round of grant funding to assist public sector authorities with the decarbonisation of their estates, there is no limit to the sum that can be applied for, including some limited ancillary works. However, the cost of a like for like replacement needs to be covered by the Public Authority making the bid.
7. South Ribble Borough Council were successful in round 1 with an award to £145,000 to carry out works to the Civic Centre.
8. The PSDS grant funding bid application opens on the 6th October 2021. The previous round of funding offered by BEIS closed within 12 hours of opening and was significantly over subscribed.
9. It is foreseeable that the same will occur during this round with the scheme being heavily over-subscribed. If an application is not submitted on the 6th October it is unlikely to be successful. If the Council wishes to proceed with the application an early submission is required, with the relevant approval obtained in advance.
10. In addition, to the above PSDS grant scheme the Council have just received confirmation (9th September) of the successful grant application for £223,000 to facilitate further Decarbonisation Plans for the remaining Council estate (not The Big 6) and to undertake feasibility studies on the Big 6 to accurately cost the works identified. As this sum is over £100,000 Council approval is required to create a budget.
11. The full £223,000 must be spent by March 2023, with the decarbonisation plans submitted by this date. The feasibility studies on the Big 6 are required for the 6th October to support the PSDS3 grant application.
12. DEFRA have also announced another grant scheme aimed at tackling poor air quality. Approval is therefore also sought to apply for and, if successful, create a budget to spend this grant funding in line with the grant rules. The funding covers 100% of any identified grant, with no contribution from the Council.
13. The grant funding will be utilised to raise awareness of the impact of poor air quality, advise residents on measures that can be take to protect themselves and improve air quality. The grant will also be used directly for measures to improve air quality within the designated AQMAs, including signage, traffic monitoring equipment, particulate and burning awareness campaign, cycle maintenance and storage at schools.

## Other options considered and rejected

1. The Council may decide not to proceed with the PSDS3 grant application, however there is no guarantee that future funding will be available.
2. The Council may decide to proceed with a grant bid application for some of the Big 6 buildings.
3. If external funding cannot be secured then the Council will need to look at funding the full works themselves. If the works to the Big 6 are not carried out the Council will not achieve its commitment of a net-zero carbon emissions by 2030.
4. If approval to spend and create a budget for the LCSF award is not given then the Council will have to decline the grant award. This will have a negative impact on any future grant applications including the PSDS3 grant to cover the £4 million plus decarbonisation works to the Big 6 buildings.
5. Not to apply for the DEFRA air Quality grant scheme.

## Corporate priorities

1. The report relates to the following corporate priorities:

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| An exemplary council | Thriving communities |
| A fair local economy that works for everyone | **Good homes, green spaces, healthy places** |

## Background to the report

1. In 2018, the Intergovernmental Panel on Climate Change (IPCC) published a report which advised that we must limit global warming to 1.5°C, as opposed to the previous target of 2°C. Their review of over 6,000 sources of evidence found that, with a rise of 1.5°C, there would be risks to health, livelihoods, food security, water supply, human security and economic growth.
2. In 2021 the IPCC issued a new report stating *“it is unequivocal that human influence has warmed the atmosphere, ocean and land. Widespread and rapid changes in the atmosphere, oceans and cryosphere and biosphere have occurred.”*
3. It continues by identifying that *“global temperature rises will continue throughout the 21st century under all modelled scenarios and a global temperature of 1.50C and 20C will be exceeded during the 21st century unless deep reductions in carbon dioxide and other greenhouse gas emissions occur in the coming decade”*
4. Please note that this document refers to emissions of “carbon” or “carbon dioxide”. This should be considered shorthand for all greenhouse gas emissions, not just carbon dioxide.
5. The UK Climate Change Act 2008 sets a statutory target to reduce UK greenhouse gas emissions by 80% from 1990 by 2050. In May 2019 the UK Committee on Climate Change recommended that the UK Government increase the statutory target to Net-Zero greenhouse gas emissions by 2050. The Government has now adopted this target.
6. It now appears that these targets are woefully inadequate and more must be done to reduce our collective impacts on the planet.
7. In July 2019 this Council declared that the effect of climate change within the borough poses an immediate danger to the health and well-being of our residents and therefore proclaimed a Climate Emergency with immediate effect.
8. To combat this threat, the Council set a goal of rendering the borough carbon neutral by the year 2030. For avoidance of doubt, this goal means the borough shall produce no net carbon emissions by this date, taking into account actions that have the effect of removing carbon from the environment.
9. In order to implement this decision, a Standing Working Group on the Climate Emergency was created. A Climate Emergency Strategy has been produced and adopted by the Council. This was updated in 2021 and along with a Climate Emergency Action Plan adopted by the Council in July 2021.
10. The Climate Emergency Action Plan identifies the Council as a community leader with respect to the approach it will take for decarbonising it activities setting an exemplary standard for others to follow.
11. Specifically, the Action Plan addresses the decarbonisation of the built environment including the Council’s own estate, the Council have therefore made a commitment to lead by example and to strive towards the decarbonisation of the Councils estate.
12. The identified works within the approved Decarbonisation Plans will reduce the Council’s carbon footprint for the Big 6 by 72% and for all Council activities by 22%. A saving of 857,381 Kg CO2e.

## Public Sector Decarbonisation Scheme Grant

1. The third round of PSDS funding was announced on the 8th September 2021. The Council is eligible to apply for funding for heat decarbonisation works for its own estate. The Big 6 have been identified as the Council’s largest energy using buildings and have been prioritised in order to gain the greatest carbon reductions within the shortest timescales.
2. Public Sector Authorities may submit more than one application and there is no maximum value that may be applied for. The application window opens on the 6th October 2021 and applications will be assessed in order of receipt.
3. The last two rounds of funding for capital works have been heavily over subscribed and the last round of BEIS funding closed within 12 hours of opening with an approximate 65% oversubscription. It is therefore critical that should the Council agree to proceed an early application is submitted, i.e. on the 6th October 2021.
4. The grant scheme requirements now include an element of match funding. This is calculated as the like for like cost of replacing plant with a similar fossil fuel powered unit. For example, if it would cost £30,000 to replace a boiler with a similar but new boiler then we must contribute £30,000 to the cost of the decarbonisation works.
5. The current heating systems for the Big 6 have been identified as over ten years old, and may come to the end of their working lives in another five-ten years, at which point like for like replacement may no longer be an option.
6. Current accurate costs for the works and the like for like replacements are unknown and over the coming weeks these values will be identified. Current information suggests the Council’s contribution will be approximately 10% of the total grant bid, approximately £400,000 although as a contingency the request is that delegated decision to match fund the bid up to a value of £500,000 be delegated to the Portfolio Holder for Health and Wellbeing.
7. As part of its Commitment to improving the quality of its Leisure Centres and in-line with the Council’s ambition about achieving Carbon zero by 2030, South Ribble Borough Council has put a sum of £2.1m in the Capital programme for the refurbishment of the Leisure Centres. A significant proportion of the sum in the Capital programme is earmarked for schemes that will improve the Carbon efficiency of the buildings and to drive down Carbon emissions of the 4 Leisure Centres. We recognise that whilst our Leisure Centres are hugely important to the local communities they serve they are also buildings that we need to improve significantly in terms of their Carbon footprint in contributing to the zero carbon target set by the Council for 2030.
8. Identified works to the buildings include replacing existing fossil fuel boilers with air source heat pumps, better controls and solar panels, replacing lighting with LED lights and replacing exiting pool pumps and controls.
9. The resulting works will reduce the Carbon footprint of each building, although will increase the electrical energy consumption of some buildings. Based on todays rates this will increase the running costs of the buildings slightly, see the decarbonisation plans for each buildings estimate cost increase and the payback period. However, it is anticipated that the price of mains gas will substantially increase over the coming years (confirmed by BEIS) as the government moves towards a low carbon economy and so this work will reduce operating costs over time.

## Low Carbon Skills Fund

1. The Council have recently applied for and have been successfully awarded £223,0000 from the Low Carbon Skills Fund (LCSF).
2. This funding has been awarded to undertake additional Decarbonisation Plans for the remaining Council estate, including all commercial rental properties. In addition, the funding will enable enhanced feasibility studies to be undertaken on the Big 6 buildings. This will allow full costing of the previously identified decarbonisation works to be undertaken and the identification of any additional structural works to make the buildings more efficient.
3. The above work will support the PSDS3 bid and any future bids. It will also allow a programme of works to be produced allowing the council to fully cost the decarbonisation works required to its estate.
4. The LCSF must be spent by March 2022, including the submission of the Decarbonisation Plans. The LCSF funding does not require any additional contributions from the Council, and does not legally bind the Council to undertake any future works.
5. As such approval is requested to create a budget to spend the £223,000 in line with the grant award.
6. Failure to complete the work in time and produce the Decarbonisation plans will result in the grant award being returned and further would significantly jeopardise any future grant bid.

**DEFRA Air Quality Grant Scheme 2021-22**

1. The Government has recently announced (September 2021) the next funding round of the Air Quality Grants Programme. The programme provides grants for eligible capital (and some revenue) expenditure by English local authorities on their air quality management duties under Part IV of the Environment Act 1995.
2. In particular, Defra are looking for applications with projects designed to:

* Provide air quality benefits soon (in next 1 to 2 years)
* Develop solutions over the longer term by increasing awareness and encouraging behaviour change.

1. At least £1 million of the £9 million available this year will be dedicated to projects to improve public awareness in local communities about the risks of air pollution.
2. There are no set funding amounts. A guide price for allocations is for projects between £10,000 and £60,000 in total but applications for amounts outside this range will be accepted for consideration.
3. The 2021/22 deadline for applications is 8 October 2021. The grant award is 100% funded. No contributions are required from the Council towards the identified works.
4. Approval is sought to apply for, and if successful, create and spend the allocated grant funding in line with the grant bid and award conditions.
5. The grant application is being considered but is anticipated to include a request for funding to cover:

* Education campaign to be piloted at Leyland Methodist school for encouraging active transport and anti-idling – campaign then to be rolled out across all other schools in the Borough
* Traffic monitoring to enable traffic light optimisation in the AQMA
* Improved Signage to encourage the use of alterative routes away from declared AQMA’s
* Cycle storage and maintenance pilot schemes to encourage active travel within the borough.

## Climate change and air quality

1. The work noted in this report directly impacts upon the Council’s Climate Emergency Strategy and Action Plan. The identified grant bids will, if successful, allow the Council to progress towards a carbon neutral estate, preventing a significant amount of carbon emissions each year.
2. The bids will allow completion of some significant high level actions within the Council’s Action Plan. While potentially saving the Council some significant expense in the future (£4 million+).

## Equality and diversity

1. The report proposals will allow the Council to progress its Climate Emergency Strategy and Action Plan and work towards a Carbon Neutral position.
2. This in turn will support the Councils other aims of being a community leader.

## Risk

1. Climate change is one of the biggest if not the biggest threat to humankind if action is not taken now. The Intergovernmental Panel on Climate Change (IPCC) has identified that we will exceed the previously identified target limit of 1.5­­0C rise in global temperatures before the middle of the century. This will result in a significant risk to risks to health, livelihoods, food security, water supply, human security and economic growth.
2. To prevent a further rise the IPCC states that immediate action is required to cut the manmade carbon emissions.
3. The Council has made a commitment to achieving a net-zero carbon emissions by 2030. Failure to develop and deliver on the action plan will have a negative impact on the Council, our residents, businesses and visitors to the borough, the council’s reputation and is likely to result in higher costs for our services. This too would negatively impact on service delivery to the borough.
4. As central government policy changes it is also likely that the Council will be forced along this route of improved energy efficiency and reduced carbon emissions. This is likely to occur at a time when sufficient planning and resources and external advice, equipment and resources are not readily available.

## Comments of the Statutory Finance Officer

1. The report contains three distinct areas, the PSDS, LCSF and Air Quality grants. Approval is sought to progress the PSDS and Air Quality Grants, and if successful to create the appropriate budgets and spend the grant funding.
2. The LCSF has already been secured and approval is being requested to create a a budget and apply a competitive quote system as opposed to a full tender process to the recruit of contractors requested due to the timescales involved.
3. Failure to spend the funding awarded under the LCSF fund within the allocated time would result in the funding being returned to grant administrators.
4. The Air quality grant, if successful, would be 100% funded, with no contributions required from the Council.
5. The PSDS grant funding if successful will require a financial contribution from the Council equivalent to ‘like for like’ replacement cost. Indicative costs to date places this at around £400,000, although approval is sort for a delegated decision of up to £500,000. The existing capital programme includes works on the Civic Centre and Corporate Buildings of £500k in future years. It is proposed to use these budgets to satisfy the Council contribution element. There are also existing budgets for Leisure Centre Refurbishment which could be used to meet any required contributions.

## Comments of the Monitoring Officer

1. The importance of the Climate Emergency Action Plan cannot be overstated. Clearly we must do everything to implement that. That does present challenges in timings – however they must be overcome. In particular (with regard to the LCSF element) we must be flexible in our approach to procurement whilst operating within an entirely lawful manner. All necessary legal documentation will be drawn up, checked and entered as and when required.

Background documents

South Ribble Climate Emergency Strategy July 2021

South Ribble Climate Emergency Action Plan, July 2021

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