

# **Cherwell District Council**

## **Executive**

**5 June 2021**

## **Public Sector Decarbonisation Scheme (PSDS)**

### **Report of Assistant Director Property, Investment and Contract Management**

This report is public

#### **Purpose of report**

To update the Executive on the outcome of the bid that Cherwell District Council (CDC) has submitted for energy efficiency capital works (non-repayable government grants) and, as a result, to seek approval for CDC to proceed with its proposed programme of capital works. The funding body (Salix) has confirmed that CDC's funding application has been rewarded to the amount of £5.986m out of the £6m bid.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the outcome of the bids that Cherwell District Council has submitted for energy efficient capital works (non-repayable Government Grants).
- 1.2 To approve Cherwell District Council (CDC) progressing its own Public Sector Decarbonisation Scheme capital works programme in line with the grant award to CDC.

#### **2.0 Introduction and Report Details**

2.1 Cherwell District Council (CDC) has submitted a bid of £6 to install a large number of measures across 10 sites. These Public Sector Decarbonisation Scheme (PSDS) sites are listed below:

- Bicester Leisure Centre
- Spiceball Lesiure Centre
- Kidlington Leisure Centre
- Woodgreen Leisure Centre
- Thorpe Lane Depot
- Banbury Museum
- Franklins House

- Drayton Sports Pavilion
- Stratfield Brake Sports Pavilion

2.2 The technologies have been split into two categories as follows:

1. Fairly straightforward works such as hand dryer, lighting, door replacements, solar film, insulation, ventilation, etc., which are pretty sound in terms of their potential works and subsequently clear with a high degree of assurance in terms of energy savings – these are projects we would look to deliver quickly typically under 3 quotes due to their value. For reference this accounts for <£400k of the £6m project.
2. Technologies that would involve design work, and in some cases planning (i.e. heat pumps, heat recovery, building controls, solar PV, etc). As such we have incorporated two gate reviews allowing for managerial decision to proceed, first following completion of a design stage and second following return of tenders to manage risks (not least the budget risks).

If at either stage a project does not stack up, come within allocated budget / contingency, a decision would need to be made to either:

- Self fund any difference
- Agree a reduced scope with Salix (with a steer from Salix that the key measurable of this is reaching the £500 spent per tonne of CO<sub>2</sub> saved – the projects collectively are at the £400 per tonne of CO<sub>2</sub>).
- Cancel the project and hand any funding back to Salix

2.3 For the detailed works to be undertaken in the above properties, please refer to Appendix 1.

2.4 In line with CDC's Procurement Rules, CDC will seek to use a combination of available frameworks (e.g. Fusion21, LHC, etc.) or, in some limited cases, direct awards as the nature of some of the supply chains may demand (and as procurement rules and regulations allow).

2.5 All projects will have savings or potential income generation associated with them, with some having revenue costs as well. At the moment this figure is calculated as producing future income/ savings of £77k.

2.6 There will also be avoided capital costs associated with using this fund to replace equipment coming to the end of its life where CDC (or its leisure provider) would otherwise have needed to pick up the costs.

2.7 These bids are anticipated to support up to 190 jobs as well as decreasing 1,021 tonnes of CO<sub>2</sub> for CDC (approximately one quarter of CDC's carbon footprint).

2.8 For the CDC funding application, approximately three quarters of the funding is for projects upon the leisure centres. Due to the timescales involved in delivery, the staff resources required, the need for integration with the existing systems and implications for future management of the technologies CDC's leisure provider has been identified as being ideally placed to project manage elements of the project.

- 2.9 There are gate reviews, a chance to review the strategic direction, incorporated into the project, and will facilitate an update to Executive as and when appropriate.
- 2.10 The non-repayable grant funding for the energy efficiency capital works would significantly allow the council to move towards its climate agenda.

### **3.0 Next Steps**

- 3.1 Negotiating terms and conditions of the grant agreement

In line with the senior leadership team approval given on 17 February 2021, relevant officers have negotiated and finalised the terms and conditions of the grant agreement with the funding body.

- 3.2 Project Management

In order to fully set up the delivery group we will make arrangements for CDC's leisure provider to facilitate the delivery of projects at CDC's leisure centres.

All other projects will be managed in-house by the Property Team.

- 3.3 Procurement of supply chain

CDC have engaged design consultants and quantity surveyors to specify and design major work projects.

- 3.4 Retention of benefits realised by grant funding

The benefits of the grant funding must be retained by the public sector and therefore the mechanism to achieve this with CDC's existing leisure operator has been agreed.

- 3.5 Draw down the funding

The council has agreed to a S31 Forward Funding Arrangement with Salix as such funds have been drawn down accordingly with the approval of the S151 officer.

### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The 100% grant funding allows CDC to take unprecedented long-term sustainability improvements to its properties to deliver financial and carbon savings. This is in line with CDC's Climate Action Framework, to seek funding opportunities to take action where normal business cases are challenged.

### **5.0 Consultation**

The project elements have been consulted with CDC's relevant directorates and/or service areas (Property, Environmental Services, Communities, Finance, Legal).

## 6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Reject the PSDS programme of works in its entirety  
CDC will still need to undertake a large programme of works to achieve carbon neutrality and will be presented with situations, such as leisure centre heating requirements, that will require unique financing mechanisms to provide a suitable business case

## 7.0 Implications

### Financial and Resource Implications

- 7.1 CDC must have regard to its legal duty under the Local Government Act 1999 and guidance thereunder to secure best value when reviewing service provision, requiring CDC to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Officers must also follow both internal procurement policies and external procurement law and practice in pursuit of the recommendations set out in this report.

Comments checked by:

Steve Jorden, Corporate Director Commercial Development, Assets and Investment, [steve.jorden@cherwell-dc.gov.uk](mailto:steve.jorden@cherwell-dc.gov.uk)

- 7.2 The PSDS capital works programme will be funded from the non-repayable grant provided by Salix. CDC will not have to match fund any of the project elements.

Comments checked by:

Michael Furness, Assistant Director – Finance, 01295 221845  
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### Legal Implications

- 7.3 As set out in the Financial and Resource Implications.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695,  
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### Risk Implications

- 7.4 The risks identified throughout the implementation of the proposed strategy will be managed as part of the Place Programme Board risk register and escalated to the Leadership risk register as and when necessary.

Comments checked by:  
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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** Yes

**Community Impact Threshold Met:** No

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

Climate Action Framework

### Lead Councillor

Councillor Dan Sames, Lead Member for Clean and Green  
Councillor Lynn Pratt, Lead Member for Economy, Regeneration and Property

## Document Information

### Appendix number and title

- Appendix 1 – List of Property Projects

### Background papers

None

### Report Author and contact details

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