

# **Climate Emergency Advisory Committee briefing paper**

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## **Public Sector Decarbonisation Scheme**

### **Purpose of Briefing Paper**

1. To update Members on the Public Sector Decarbonisation Scheme (PSDS) and the council's progress to date in submitting funding applications.

### **Strategic Objectives**

2. This project supports the council's Corporate Plan objective of Tackling the Climate Emergency and will contribute to our aim of reaching net zero carbon for all Vale assets by 2030.

### **Background**

3. The council's properties are substantial energy users and rely on fossil fuels, mostly natural gas, for their heating. Significant investment is required to install low carbon heating plant and improve energy efficiency. The council is therefore actively exploring external funding opportunities decarbonise its operational sites.
  4. The Public Sector Decarbonisation Scheme (PSDS) is the government's key mechanism for delivering such funding support. This scheme allows local authorities and other public sector bodies to apply for funding to install low carbon heating systems and other energy efficiency measures. There are, however, no guarantees that the council will be able to attract funding under this scheme. PSDS is highly competitive and there is insufficient funding to meet all needs. Funding rounds are announced periodically with limited notice and preparing a successful bid is challenging for smaller councils with limited in-house expertise.
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5. In January 2021, the council made a successful bid to PSDS phase 1 for decarbonisation of the Faringdon Leisure Centre and obtained a grant of £361,746 towards the installation of solar panels and air source heat pump technology.
  6. Our bid to PSDS phase 2 for Wantage Leisure Centre in spring 2021 was unsuccessful. An independent review of the bid raised a range of issues relating to the quality of information that the council had received from soft market testing with suppliers. Funding criteria were more rigorous for phase 2 and staff resources available to bid were also limited, under very challenging time constraints.
  7. PSDS round 3a took place in autumn 2021. Scheme criteria were further tightened, and the council was not in a position to make a bid at that time.
  8. Since autumn 2021 the Climate and Property Teams have been working together to ensure that the council is prepared to make a PSDS bid in the next funding round. Wantage Leisure Centre and White Horse Leisure and Tennis Centre were identified as the priority sites. A heating decarbonisation options appraisal report was commissioned for both sites.
  9. Although procurement for a project will not take place until a successful funding award, a PSDS bid now requires a detailed analysis of project costs and heating demands. The council has therefore been working with an external consultant on the technical aspects of bid preparation. Due to exceptionally high levels of demand in the energy efficiency and renewable energy sector, the process of engagement with potential suppliers proved much more complex and time consuming than expected. Nevertheless, background information for a PSDS bid was completed by the end of summer 2022.
  10. The Public Sector Decarbonisation Scheme Phase 3b was announced by the government on 2 August 2022. This two-year programme allows local authorities and other public sector bodies to apply for funding to install low carbon heating systems at sites where the heating systems are end of life. Funding is available up to £325 per tonne of carbon saved.
  11. In line with previous funding rounds, the scheme is for additional costs only, that is the council would be expected to fund like for like replacement of out-of-date heating plant. The fund covers the additional costs of renewable alternatives, together with a range of additional measures to improve building efficiency. The council's minimum contribution is 12 per cent of scheme costs.
  12. We plan to make one shared bid for Wantage and the White Horse Leisure and Tennis Centre. This approach is attractive as it allows individual sites to fall outside scheme criteria as long as the criteria are met by the combined bid. At the time of writing this report, the opening date for applications has not yet been confirmed. A verbal update will be given to the committee if applicable. The council has recruited an External Funding Lead who will be responsible for co-ordinating information and submitting the bid.
  13. If successful, we plan to commence work at the latest in March 2023 and to deliver both projects over the two financial years 2023/24 and 2024/25. At Wantage this will allow sufficient time to agree contractual issues relating to the Joint Use Agreement with Oxfordshire County Council.
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## **Financial Implications**

14. There is no commitment to spend unless a grant is awarded and accepted by the councils.
15. As the project will be replacing end of life plant, we will make an application for Community Infrastructure Levy (CIL) funding to cover the cost of like for like plant at both sites as this is allowable expenditure under the CIL funding criteria. We have approached the Infrastructure Team who have confirmed that CIL funding can be used for this purpose. Our projects are expected to exceed the benchmark of £325 per tonne of carbon saved and we are also able to use CIL funding for the additional council contributions required. The scale of the combined project for Wantage and White Horse is in the order of £8m with a grant application of £6m. We have included generous contingency sums to allow for inflation and supply shortages up to March 2025.

## **Conclusion**

16. This report sets out details of the Public Sector Decarbonisation Scheme and the current funding round due in September 2022.
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