

STANDING ORDER 38
REPORT TO DIRECTOR OF HOUSING AND PUBLIC PROTECTION
3 February 2022

Appendix A

DECARBONISATION WORKS TO PUBLIC BUILDINGS

1. SUMMARY

1.1 Following the successful bid to the Department of Business, Energy & Industrial Strategy for funding to deliver energy efficiency works to public buildings, the Council is ready to appoint a contractor to deliver the works. This report outlines the next steps and further investment required to deliver the works.

2. RECOMMENDATIONS

2.1 That the proposal to utilise the grant funding to deliver the Decarbonisation to Public Buildings Scheme, as set out in para. 3.7 of the report, be noted.

2.2 That, for the reasons outlined in para.3.12 of the report, and subject to the implementation of a virement from the Town Centre Project (Co-op site) Project, as outlined in para.5 of the report, a further investment of £400,000, to secure the delivery of the Decarbonisation to Public Buildings Scheme, be approved.

2.3 That £400,000 be vired from the Town Centre Project (Co-op site) Project to the Decarbonisation to Public Buildings Scheme.

3. Background and Discussion

3.1 The Public Sector Decarbonisation Scheme provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures. The Scheme is managed by the Department of Business, Energy & Industrial Strategy (BEIS). The Scheme supports the public sector in taking a 'whole building' approach when decarbonising their estates.

3.2 A number of the Council's public buildings are difficult to heat and energy inefficient, leaving the Council, and sometimes its tenants, with high energy costs and negative impacts on the environment.

3.3 Following a successful bid in 2021, for funding to BEIS, the Council was awarded approximately £1,340,000 to help fund the installation of energy efficient measures to a number of its public buildings which at the time would include:

- Civic Centre
- Acacia Gym
- The Mansion House
- Manor Gate House
- Tree Community Centre

3.4 Cabinet received a report [27 May 2021- Min.No,7] and approved a recommendation that Contract Standing Order 7.5 be waived, and the contract for the energy efficiency works to the Council's public buildings be awarded to a contractor, pursuant to the Fusion 21 Framework for Energy Efficiency.

STANDING ORDER 38
REPORT TO DIRECTOR OF HOUSING AND PUBLIC PROTECTION
3 February 2022

3.5 Due to planning related concerns and other site-specific issues, the works proposed could not progress at the following sites:

- The Mansion House
- Manor Gate House
- Tree Community Centre

3.6 Therefore, a new proposal for the installation of energy measures was put forward to BEIS, which included measures to help decarbonise The Orchard Theatre, along with the original proposed works for the Civic Centre and Acacia Sports Hall. The Council has been advised throughout by C02 Targets Limited, an expert in environmental improvements of this nature.

3.7 The revised Scheme now provides:

- The Orchard Theatre measures include the replacement of the current heating system with a modern low energy air source heat pump powered by Photovoltaic Panels.
- Civic Centre measures to include the replacement of the current heating system with a modern low energy air source heat pump powered by Photovoltaic Panels.
- Acacia Sports Hall measures to include provision of photovoltaic panels and low energy lighting throughout.

3.8 The revised Scheme was approved by BEIS in November 2021. The original grant of £1,340,000 was retained and Officers have been obtaining quotations for the works and now have a final cost for delivery of the revised Scheme.

3.9 The funding from BEIS comes with some restrictions. It must be spent on the approved revised Scheme and within tight timeframes. In order to meet the timeframes, the most appropriate route for the procurement of works was through an established procurement framework called Fusion 21 [Cabinet – 27 Mya 2021, minute 7 refers]. However, due to the impact of Covid, Brexit and other construction industry restraints, generally costs of materials and labour have increased nationally since the original bid was submitted.

3.10 Quotations obtained from the Council's preferred contractor through the Fusion 21 Framework have increased significantly. For this reason and due to the change to the now revised Scheme, the cost of the works is estimated to be £1,940,000, which leaves a shortfall of £600,000 needed to complete the revised Scheme. The concern is that these costs will increase if there is any further delay and that the works must be completed by June 2022 to adhere to the grant conditions.

3.11 To meet those additional costs a contribution of £200,000 for the renewal of the boiler at The Orchard Theatre has already been included in the projected outturn and will be used towards the revised Scheme, leaving a shortfall of £400,000.

3.12 In order to make these vital improvements to the Council's public estates, reduce running costs, improve the estates' environmental impact and make use of £1.3m external funding, it is recommended that a further investment of £400,000 be made.

STANDING ORDER 38
REPORT TO DIRECTOR OF HOUSING AND PUBLIC PROTECTION
3 February 2022

3.13 SO38 has been implemented in order that the required orders can be placed immediately to protect the project from increasing costs and to ensure that the grant-funding deadline can be achieved.

4 Relationship to the Corporate Plan

4.1 This report relates to the Corporate Plan strategic aim 'to promote an environment which is attractive with improved air quality and which provides a realistic choice of travel options.

5 Financial, legal, staffing, administrative implications & risk assessments

Financial Implications	<p>This grant funding has been included in the corporate property Capital Budget 2021/22, allocated to decarbonisation works.</p> <p>The additional costs will be met via a virement from the Town Centre Project (Co-op site) Project line, which was for originally intended to underwrite the planning costs related to the development of the former Co-op site and surrounding area. This budget is not required as the Council set aside a provision for these costs at the end of the 2020-21 year and any future settlement of these costs is not likely to be a capital charge.</p> <p>The decarbonisation works to Civic Centre are intended to lower future running costs and improve our environmental impact.</p> <p>The works to Acacia Sports Hall and The Orchard Theatre will improve the condition and value of our estate, reduce the running costs for tenants and improve the environmental impact of both buildings.</p>
Legal Implications	The terms of the contract will be agreed in consultation with the Head of Legal Services.
Staffing Implications	None as detailed in the report.
Administrative Implications	None.
Risk Assessment	Failure to appoint and deliver the works before the end of June 2022 will mean the loss of the £1,340,000 grant and result in Council public buildings not receiving the benefits of the energy efficiency works.

6 Details of Exempt Information Category

Not applicable

7 Appendices

Not applicable

STANDING ORDER 38
REPORT TO DIRECTOR OF HOUSING AND PUBLIC PROTECTION
3 February 2022

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date / File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
None	N/A	Paul Koster	Housing, H&PP	N/A