

	ITEM NO.
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REPORT OF THE STRATEGIC DIRECTOR OF PLACE

TO PROPERTY & REGENERATION BRIEFING ON 8th FEBRUARY 2021

TITLE: GM REGIONAL HEAT AND ENERGY DECARBONISATION DELIVERY SCHEME – GRANT FUNDING BID

RECOMMENDATIONS:

- i. That the City Mayor approves Salford City Council's continued participation in the 'Supporting Greater Manchester Regional Heat and Energy Decarbonisation Delivery' Scheme bid which includes proposals for 11 rooftop solar PV and 12 Air Source Heat Pumps installations across 21 Salford City Council owned sites.
 - ii. That the City Mayor approves the acceptance and signing of a Grant Funding Agreement, once it has been received and in line with the bid made to funder.
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EXECUTIVE SUMMARY:

Salford City Council has been part of a consortium bid, led by the Greater Manchester Combined Authority (GMCA), for Government funding to install deliver installation of heat decarbonization and energy generation technologies across the public estate. The outcome of this project is to decarbonise the heating and increase local renewable energy generation as well as stimulate the spend within the green economy. The outcomes from the proposed project will also contribute towards Greater Manchester's target of becoming a carbon-neutral city region by 2038. Government funding, through Salix as the funding body and Department for Business, Energy & Industrial Strategy (BEIS) as the relevant government department, is being sought from the £1 billion scheme which is part of the Chancellor's 'Plan for Jobs 2020' commitment to support the UK's economic recovery from COVID-19.

The bid is led by the GMCA with the consortium made up of 15 partners including all 10 GM Local Authorities, GMP, GMFRS, RCNM. A full submission for £80.7m of grant funding was made by the GMCA on 23rd November 2020.

BACKGROUND DOCUMENTS:

- Five year environment plan for Greater Manchester
 - Salford's Climate Change Strategy – Creating a city prepared for the future
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WARD(S) TO WHICH REPORT RELATE(S):

ALL

KEY COUNCIL POLICIES:

- Five year environment plan for Greater Manchester
 - Salford's Climate Change Strategy – Creating a city prepared for the future
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1. Introduction

The report presented to the 25th January 2021 Property & Regeneration Briefing outlined the background of the 'Supporting Greater Manchester Regional Heat and Energy Decarbonisation Delivery' Bid and agreed our continued participation whilst a Grant Funding decision is taken by the Funders.

Salford City Council's proposals include the installation of 11 solar PV and 12 Air Source Heat Pumps across 21 Salford City Council owned sites.

This report asks for approval to accept and sign all related Grant Funding documentation, once they are received, to continue SCC involvement in the bid. The bid includes all 10 GM Local Authorities, plus other GM organisations, and the GMCA as the Lead Partner. The report updates on the background and timescales of the project before looking at the sites and then the finances.

2. Background

The Greater Manchester's 5-Year Environment Plan sets out GM's long-term environmental vision. The plan sets out urgent actions that need to be taken in the next 5 years to help achieve this carbon neutrality. On 17 July 2019 the council unanimously declared a Climate Emergency underlining the seriousness of the need to mitigate climate change.

Salford City Council is seeking to install solar PV at 11 sites in order to increase local renewable energy generation and increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038. The GM 5 Year Environment Plan commits GM to increasing local renewable energy generation by at least 45 MW by 2024 and councils need to be at the forefront of this work. The 'Supporting Greater Manchester Regional Heat and Energy Decarbonisation Delivery' bid could generate 540.63kWp of energy generation towards this target, with annual generation of 467MWh.

The installation of the Air Source Heat Pumps at 12 sites across the city would decarbonise the heating for the sites from gas, at 8 sites, and oil, at 2 sites, to being heated by electricity from renewable sources, therefore decarbonising the heat.

Grant funding from the £1 billion Public Sector Decarbonisation Scheme fund has been sought to 100% fund the proposed investments from Salix as the funding body and Department for Business, Energy & Industrial Strategy (BEIS). The GMCA originally applied for £80.7m of grant funding on 23rd November 2020.

As part of the discussions with Salix the partners have been asked to confirm what works can be contractually committed to by 31st March 2021. GMCA confirmed on 12th January that approximately £65m of the £80m could be committed by that date. This assurance to was provided for the SCC element of the project.

The discussions with Salix have not indicated that the completion date for all works of 30th September 2021 will be adjusted to accommodate the delay in confirmation of an award. Delivery timescales are challenging given the number of sites and installations but the technology has relatively short installation times and, in conversation with the supply chain, is possible to deliver by the deadline.

The timescale for the bid is outlined below.

Funding application was submitted	23 rd November 2020
Decision funding application	29 th January 2021
Preparation for Project Approval (including grid connection, procurement preparation, planning applications submitted)	November 2020 – January 2021
Grant agreement issued	TBC January/Feb 2021
Project Start Date	TBC February 2021
Project Practical Completion	30 th September 2021
Project Financial Completion	31 st October 2021

3. SCC Sites

The 21 SCC sites which met the grant funding conditions, 11 solar PV and 12 Air Source Heat Pumps installations, are listed at Annex 1.

3.1 Solar PV Installations

The 11 sites identified for Solar PV have been put forward by the Energy Management Team and Property as the most suitable from the estate from their knowledge of the buildings. The sites vary in size and nature from a Children's Home through to leisure centres.

Work has continued to ensure SCC is able to work quickly following approval of the project with applications for grid connection submitted to Electricity North West, working with Procurement to agree the procurement route to appoint a contractor delivering installations across the PV only sites.

We are also continuing to look to procure technical support for the programme which will work to assist in the procurement of contractors – supporting the Council to appoint the necessary supplier(s) to deliver the project, construction – providing project management support and technical oversight of delivery contractor and handover – support for Council acceptance of the completed project.

3.2 Air Source Heat Pump Installations

The 12 sites identified for Air Source Heat Pumps have been put forward by the Energy Management Team and Property as the most suitable from the estate from their knowledge of the buildings. The sites vary in size and nature from a Children's Home through to the Civic Centre (Phase 1).

Work has continued to ensure SCC is able to work quickly following approval of the project with applications for grid connection submitted to Electricity North West, working with Procurement and legal to work with an existing framework to agree the procurement route to appoint a contractor delivering installations across the PV only sites.

We are also looking to procure technical support for the programme which will work to assist in the procurement of contractors – supporting the Council to appoint the necessary supplier(s) to deliver the project, construction – providing project management support and technical oversight of delivery contractor and handover – support for Council acceptance of the completed project.

3.3 Planning

Through discussion with the Planning Team it has been identified that the following is required,

- PV - 3x sites require Prior Planning Approval
- 8x sites require no further planning permission
- ASHP - All 12 sites will require full Planning Approval

Work is continues to complete and submit the required planning applications using the site feasibility studies that were undertaken last year.

4. Capital Budget

The programme capital budget, as per the bid submission, is shown below and is 100% Grant Funded. This currently includes a 3% contingency for all project costs. If a Grant Funding Agreement does not confirm these amounts, an updated report will be provided to outline any changes.

Installation	Estimated total cost	Energy Generation (kWh)	Annual CO ₂ savings (tonnes CO ₂)
Solar PV	£647,827.76	466,970	117
ASHP	£4,612,941.17	-	220
Total	£5,260,768.93	466,970	337

5. Delivery

The GMCA have established a Delivery Group for the partners of the project that will continue to meet monthly to discuss progress and issues as well as a dedicated Programme Manager for the scheme who will work with partners. There will be quarterly grant claims and progress reports that SCC will need to submit.

Internally, there is a multifunctional team from property, energy management and regeneration supporting the bid, and then delivery, who will report to the Head of Property on the scheme.

ASSESSMENT OF RISK:

The main risks to the proposal are as follows:-

1. Procurement of necessary specialist contractors to deliver the installations

Mitigation: Initial discussions have taken place with Procurement and the Procure Plus framework to identify a compliant route to market with the right technical experience to deliver on site.

2. Disruption to Council Services during site works

Mitigation: Detailed review of the surveys to identify possible disruptions, installation duration, key usage of sites and implement mitigation. The impact of COVID 19 will also need to be factored in but could mean reduced usage of buildings.

3. Failure to obtain Planning Permission.

Mitigation: Discussions with Planning have been started to make them aware of the volume and nature of applications.

SOURCE OF FUNDING:

Public Sector Decarbonisation Funding – Grant

LEGAL IMPLICATIONS: Tony Hatton, Principal Solicitor

The report sets out the Council's ambitions in becoming a zero carbon city and contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038, together with the actions to be taken to deliver the installation of heat decarbonization and energy generation technologies across the Council's estate. In addition to decarbonising heat and renewable local energy generation the spend in the green economy will be stimulated.

The project also links with developments with the GM 5 year Environmental Plan and the Council's declaration of climate emergency made in July 2019.

The solar panel and heat pump projects described form part of the GMCA led bid, together with 15 other local partners, and the Shared Legal Service will be happy to advise and assist on the projects as they develop when instructed.

The report to various procurement activities to be carried out to support and achieve delivery of the projects, such as contractors, construction, supplies, programme management for both elements of the project – solar panels and heat pumps. Any such activities must be undertaken in accordance with the Council's own contractual standing orders, Public Contracts Regulations 2015, and any specific grant conditions which might impact the procurement.

The report refers to various planning approvals being needed, which Legal services will be happy to advise and assist including any objections to be dealt with when instructed.

The terms of any grant funding agreement with BEIS and GMCA will need to be adhered to in the event that there are clawback provisions for failure to comply. Legal Services will advise on any terms upon receipt of a copy of the agreement.

Presumably there will be a main grant agreement involving GMCA as the main grant recipient from central government then it is the GMCA that generally decides/approves/negotiates what goes in its own grant agreement. That would also be the case in any flow down grant agreement from the GMCA to the Council, and the agreed terms would reflect each other.

Grant agreement terms will often refer to/incorporate milestones, grant purposes, completion dates, etc. so discussions and changes on work programmes would clearly have an effect. There may also need to be an understanding that usually grant terms and conditions do not favour the recipient, and some conditions/milestones etc may need to be accepted whereas in a more usual services contract there might be more negotiation and balance.

FINANCIAL IMPLICATIONS Provided by : Natalie Birchall

As set out in the report presented to the 25th January 2021 Property & Regeneration Briefing, outlined the background of the 'Supporting Greater Manchester Regional Heat and Energy Decarbonisation Delivery' Bid and agreed our continued participation whilst a Grant Funding decision is taken by the Funders.

Salford City Council's proposals include the installation of 11 solar PV and 12 Air Source Heat Pumps across 21 Salford City Council owned sites. See Annex 1 for site listing.

As per the bid submission, the schemes are fully grant funded totalling £5.260m. Should the grant not be approved, completed feasibility studies at all sites would be available to peruse

future funding opportunities and further approvals and reports will be required to drawn down against approved invest to save resource, USB, in the approved place capital programme.

PROCUREMENT Provided by: Heather Stanton, Category Manager, xt 6241

GMCA have utilised the Procure Plus Framework to engage a supplier for this project which is compliant with the funding requirements and in accordance with SCC Contractual Standing Orders under the Council's Constitution governing contract procurement.

CONTACT OFFICERS:

Hayley Nixon – Commercial Project Manager
Majid Maqbool – Energy Manager

Annex 1

Site	Type
Civic Town Hall	Heat
Worsley LC	Solar
Broughton LC	Solar
Irlam & Cadishead LC	Solar
Turnpike	Solar
Broughton Hub	Heat
Clifton Country Park	Heat
Blackleach Country Park	Heat
Salford Sports Village	Heat
Salford Sports Village	Solar
St George's Day Centre	Solar
Salford Opps Centre	Solar
Little Hulton EYC	Solar
Fit City Eccles	Solar
Prescott House	Solar
Whittle Street CH	Heat
Whittle Street CH	Solar
Cleavley Track	Heat
Winton Pavillion	Heat
Patricroft Park	Heat
Guildhall	Heat
Northfield CH	Heat
St Simon St	Heat