

GREATER MANCHESTER COMBINED AUTHORITY

Date: 27th November 2020

Subject: Public Sector Decarbonisation Scheme

Report of: Councillor Andrew Western, Portfolio Lead for Green City Region and Alison McKenzie-Folan, Portfolio Lead Chief Executive for Green City Region

PURPOSE OF REPORT

The purpose of this paper is to outline the opportunity presented by the Public Sector Decarbonisation Scheme and Greater Manchester's ambition to seek substantial funding from the scheme for public building retrofit projects across the conurbation. Given the constrained delivery timeframes, if the bid is successful, we are seeking approval now to receive and expend circ £40-60m funding from Salix, a Non-Departmental Public Body (NDPB), to undertake low carbon retrofit projects on approximately 156 public buildings across Greater Manchester.

RECOMMENDATIONS:

GMCA is requested to:

1. Note the opportunity to bid for circ £40-60m of Public Sector Decarbonisation Scheme funding from Salix (NDPB).
2. Subject to a successful bid, approve the receipt and agree defrayment of these funds either directly or via GM Local Authorities and delegate authority to the GMCA Treasurer and Solicitor to sign all necessary legal agreements.
3. Note that GMCA Chief Executive and Treasurer have approved in October, under delegated powers, the receipt of circ £1m grant from Salix (NPBD) to be utilised on feasibility studies on low carbon retrofit assessments of public buildings to support this bid.
4. Note that equalities impact from this proposal will be managed via utilising delivery companies with robust equality policies. The environmental outcome is to substantially reduce the carbon emissions from approximately 156 public buildings in Greater Manchester.

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Equalities Implications:

The impact on equalities is low as the funding will be expended through established frameworks, with delivery companies who will have their own equalities policies.

Climate Change Impact Assessment and Mitigation Measures –

- 1. The environmental outcome will be to substantially reduce the carbon emissions from approximately 156 public buildings in Greater Manchester. The level of carbon emission reductions from undertaking the retrofit activity will be assessed as part of the feasibility assessments. If the funding bid is accepted, the actual emission reductions will be compared against those estimated at feasibility stage. Wherever possible, local delivery organisations with reduced travel distances will be used.*
- 2. Emissions could be reduced further by insisting that the procured delivery organisation only used ULEV for their business travel, however this is not thought practicable at this time.*

Risk Management:

The Grant Offer is likely to have conditions on utilization of the funds for their intended purposes and within the delivery timescales set. It will be a challenge to deliver this commission within the timescales set by the funder, which will require proactive management. This has been communicated to all Districts/partners. Where appropriate, any risks will be passed onto the final grant recipient.

Legal Considerations:

If the bid is successful, the Grant Offer Letter will be reviewed with GMCA Legal to ensure that our legal liabilities are met with respect to passing grant through to Local Authorities and other third parties as required. Discussions have been held with Procurement Team on the procurement processes necessary to expedite delivery.

Financial Consequences – Revenue:

There are no financial consequences for GMCA revenue budgets. The bid will include an element of revenue funding for project management however this will need to be supplemented with time from existing GMCA and District Officers. GMCA will receive and disburse grant either directly, or via pass-through grant to Districts and other partners under a back to back agreement.

Financial Consequences – Capital:

Funding for Capital works will subject to a successful application. We are aiming to achieve a programme which is 100% grant funded.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

To be confirmed after the Scrutiny meeting on 12th November.

BACKGROUND PAPERS:

- Briefing from Alison McKenzie-Folan to all LA CEXs on Public Sector Decarbonisation Scheme in August 2020

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
GM Transport Committee	Overview & Scrutiny Committee	
N/A	12 th November 2020	

1. INTRODUCTION/BACKGROUND

- 1.1 As part of the Summer Fiscal stimulus, Government announced £1bn funding for the Public Sector Decarbonisation Scheme (PSDS). This funding is being released, **as 100% grants**, via Salix Finance (NDPB), between October 2020 and January 2021 and all delivery needs to be completed by September 2021.
- 1.2 The PSDS fund aims to halve carbon emissions from the Public Estate by 2032, through the deployment of energy efficiency and heating measures, excluding gas powered boilers and Combined Heat and Power (CHP). All buildings, where the end beneficiary is confirmed as being a public body, are eligible for this scheme including: Local Authority estate, Leisure sites (if the savings can be recouped by the LA), Schools and Health facilities. Social housing is excluded from this scheme and will be addressed under a different funding allocation.
- 1.3 There are a small number of application windows, with the mid-point being 23rd November. The application process will require completion of a Salix compliance toolkit, in-line with the current Salix Finance application routes, for each building. To complete the toolkit, whole building assessments will need to be undertaken for those buildings which do not already have them. GMCA has successfully bid for circ £1m feasibility funding from the Salix Skills fund to undertake 133 whole building assessments across the public estate.

2.0 PROPOSED APPROACH

- 2.1 A successful Skills fund application, for £983k, was submitted on Wednesday 14th October, to enable a robust Public Sector Decarbonisation Fund submission to be made on November 23rd. Approval to receive and expend this feasibility funding was given by GMCA Chief Executive and Treasurer, under delegated powers, in October.
- 2.2 Working with Districts and other partners (TfGM, HSCP), GMCA has already undertaken baseline assessments of over 100 public sector buildings. Capitalising on this initial work, GMCA and partners are now using the Salix Skills funding to procure, either directly or via Districts, approximately 12 consultants to undertake the building assessment and retrofit design to meet the requirements of the Salix Compliance Toolkit for each building to be submitted for capital funds.
- 2.3 The awarded Skills funding has been split across two delivery areas, in order to maximise deliverability and output in the time allowed between the grant award and the Public Sector Decarbonisation funding submission.
 - existing stakeholder procured supply chain and,
 - soft market test engaged delivery agent, procured under tender waiver

2.4 It is proposed that a public Sector Decarbonisation Fund application is submitted Monday 23rd November, on behalf of all the participating GM stakeholders. There are currently 15 partners in the GM consortiums, comprising 10 LA Districts, TfGM, Manchester Foundation Trust, GM Police, GM Fire and Northern College of Music.

2.5 This application would provide details of the city region’s approach to decarbonisation across 3 phases.

- Phase 1 Deliverable outputs by March 31st, 2021
- Phase 2 Deliverable outputs by September 30th, 2021
- Phase 3 A negotiated range of outputs beyond the current stated SALIX Finance timelines

Phase 3 will be subject to a further discussion with Salix post the initial bid submission on 23rd November.

2.5 Any awarded capex funding is proposed to be supported, in the first instance, by existing stakeholder procured supply chains, with additionality provided via wider framework provision e.g. NW Construction Hub, Procure Plus Low Carbon Technologies Framework (live as of Feb 2021) for phases 1 and 2. Phase 3 however could start to demonstrate a sustained programme of activity and efficiencies through collaboration (see Fig 1 below).

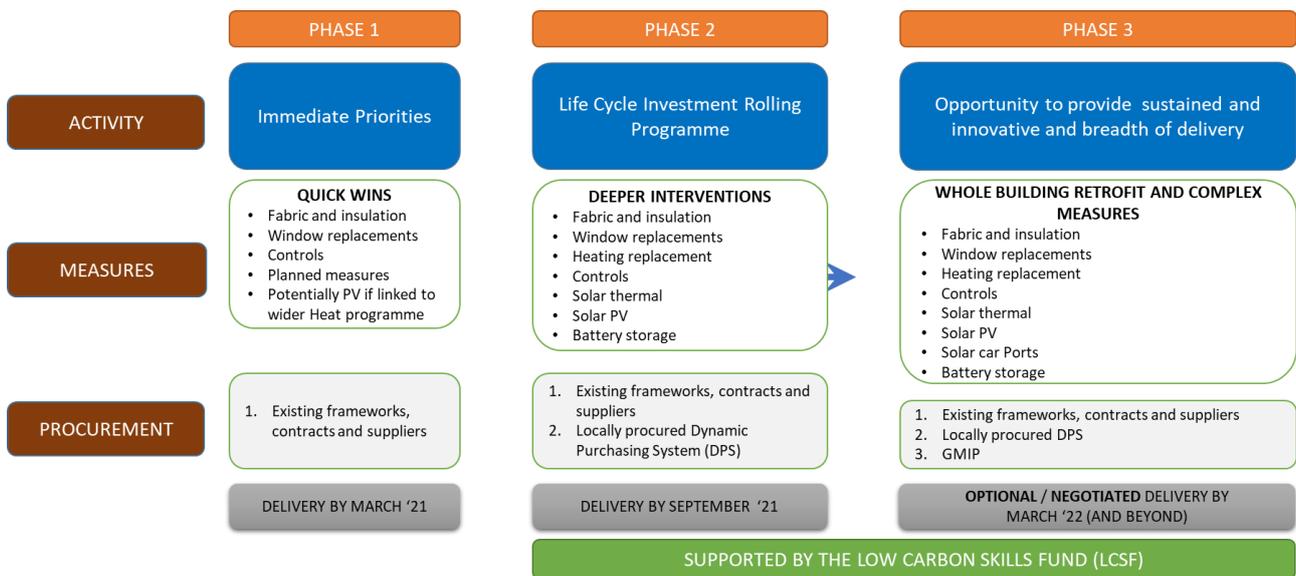


Fig. 1 – Phasing of Delivery.

3.0 NEXT STEPS

3.1 The Skills (feasibility) funding has been utilized to commission consultancies to undertake work on the building assessments which are now largely complete. Their progress is being regularly monitored through a collaborative project Team lead by:

- Technical – GM Environment Team
- Delivery – The Core Investment Team

with additional support from project managers from TfGM and the NW Energy Hub. It is likely that a similar monitoring and management structure will be utilized for the delivery phase.

3.2 The data collected is currently being collated and used to inform the size and scope of the Capital bid to the Public Sector Decarbonisation Scheme on 23rd November. Support from each District in the provision of this information will be required. Districts have been engaged through Director's of Place and the Decarbonising Public Estate Group.

3.3 The following Data is required for each bid/phase e.g. phase 1 March 21 delivery, September 21 delivery and phase 3 beyond:

- List of buildings by stakeholder / partner
- List of proposed measures by partner and building
- Supporting documentation
 - Stock Condition survey for each building
 - High level design by measure (Heating, on-site generation and storage)
 - High level costs per measure e.g.
 - design and engineering costs
 - main equipment capital costs
 - installation & commissioning costs
 - project delivery costs
 - contingency costs
 - - other project costs
 - Energy consumption data by building
 - Energy consumption data by proposed measure new and old (Existing designs will have this data; technical resource can also support)
- Outline of how measurement and verification will be completed to support 3yrs of post install monitoring.

4.0 OPPORTUNITIES/RISKS

4.1 The key risks/opportunities include:

- The timescale for delivery of the commission, if the bid is successful, is very tight (by September 2021). However, we believe the local supply chain has capacity to deliver.
- Utilisation of existing OJEU procured frameworks, NWConstruction Hub, STAR, Procure Plus, Fusion 21 and Bloom to support mobilisation and deployment of local supply chains
- Opportunity for Districts to collaborate with consequential efficiencies of scale
- Opportunity to support local apprenticeships and employment initiatives through deployment at scale (particularly for Phase 3)

- The use of recent building data compiled with the districts over the last 12 months to identify project portfolio.
- BEIS/Salix are likely to favor programmes that have shown a track record of impact and delivery at scale.

5.0 FINANCIAL IMPLICATIONS

If the capital bid is successful:

- 5.1 There are no financial consequences for GMCA/District revenue budgets, other than existing staff time to support delivery. GMCA will receive and disburse the capital grant either directly or via 'pass-through' grant to Districts and other partners.
- 5.2 The PSDS Capital Grant fund is proposed as a 100% capital grant scheme, which can be topped up by Districts where desired measures do not fully meet the assessment criteria, e.g. Solar PV in some cases.
- 5.3 It is intended that GMCA will contract with Salix and either have back to back contracts with LAs (asset owners) for delivery or, at the request of Districts, procure delivery agents directly.

6.0 RECOMMENDATIONS:

GMCA is requested to:

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