

Greater Manchester Combined Authority

Date: 30 September 2022

Subject: Public Sector Decarbonisation Scheme 3b Opportunities

Report of: Councillor Martyn Cox, Portfolio Lead for Green City Region and Harry Catherall, Portfolio Lead Chief Executive for Green City Region

Purpose of Report:

The purpose of this paper is to outline the funding opportunity to support further GM public building retrofit, through the Public Sector Decarbonisation Scheme Phase 3b (PSDS Ph3b via Salix Finance).

The paper provides background information and seeks the necessary approvals to bid for and defray the funding on behalf of the city-region to complete the subsequent activities.

Recommendations:

The GMCA is requested to:

1. Note the opportunity to bid for circ. £20m from Salix (NPBD) under the Public Sector Decarbonisation Scheme Phase 3b.
2. Approve the receipt and defrayment of Public Sector Decarbonisation Scheme funding, with delegated authority to the GMCA Treasurer and Monitoring Officer to sign all necessary legal agreements (subject to successful award).

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SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

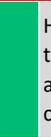
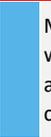
Contact Officers:

Mark Atherton mark.atherton@greatermanchester-ca.gov.uk

Sean Owen sean.owen@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire				
Impact Indicator	Result	Justification/Mitigation		
Equality and Inclusion				
Health				
Resilience and Adaptation	G	Increased energy efficiency will help reduce the impact of our public sector buildings on our environment and make them more resilient to the impacts of climate change. The proposal seeks to reduce the environmental impact of our public sector buildings		
Housing				
Economy	G	The funding if awarded is proposed to be spent with suppliers including those from across the region, potentially supporting local jobs This funding may support and secure local jobs The information gained through the feasibility studies and knowledge from the improvements made to our buildings will be captured and used to inform future decarbonisation strategies for our buildings The activity undertaken through this proposal will help to provide further evidence to support a long-term programme for investment in decarbonising our buildings and infrastructure, which will need to attract inward investment to deliver.		
Mobility and Connectivity				
Carbon, Nature and Environment	G	The implementation of energy efficiency measures and removal of gas boilers and replaced with other forms of low-carbon heating would reduce emissions associated with heating and		
Consumption and Production				
Contribution to achieving the GM Carbon Neutral 2038 target				
Further Assessment(s): Equalities Impact Assessment				
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment					
Overall Score					
Buildings	Result	Justification/Mitigation			
New Build residential	N/A				
Residential building(s) renovation/maintenance	N/A				
New Build Commercial/Industrial	N/A				
Transport					
Active travel and public transport	N/A				
Roads, Parking and Vehicle Access	N/A				
Access to amenities	N/A				
Vehicle procurement	N/A				
Land Use					
Land use	N/A				
	No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.	 Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management:

This proposed submission has been informed by both national and local actors and/or polices. If successful, the submission will be subject to internal governance, in-line with the structures currently utilised for similar such programmes e.g., Public Sector Decarbonisation Scheme and or Social Housing Decarbonisation Scheme Wave 1.

Legal Considerations:

The contents of this submission will require entering in to binding legal contracts with the funder, Salix Finance, and back-to-back grant agreements with the benefiting partner organisations. As such, the paper will highlight any risks and seek legal advice when appropriate, prior to any form of contracting.

Financial Consequences – Revenue:

There are no financial consequences for GMCA revenue budgets, as fully funded provision will be provided within the application process.

Financial Consequences – Capital:

The only current financial consequences for GMCA capital budgets, is for match funding for those schemes linked to GMFRS, as all other funded capital expenditure will be via defrayed funds to the partner organisations only.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

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 exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

24th August 2022

1. Introduction/Background

- 1.1 Phase 3 of the Public Sector Decarbonisation Scheme (PSDS Ph3) will provide £1.425 billion of grant funding over the financial years 2022/2023 to 2024/2025, through multiple application windows. The GMCA consortium secured circ. £15m grant under Phase 3a which needs to be delivered by 31st March 2023. The guidance for the next application window, Phase 3b, will be published in August 2022, with the application window planned to open in September 2022.
- 1.2 GMCA is currently working with partners to confirm interest and scope for a potential PSDS 3b submission. This might provide an opportunity to engage with other GM based organisations that have not previously been part of the GMCA-led consortia e.g. Leisure Trusts.
- 1.3 It is anticipated that Phase 3b funding will be released on similar terms and conditions to Phase 3a. That is, requiring match funding and focused on funding low-carbon heat upgrades on end-of-life boilers. The application process is likely to require detailed feasibility studies, and detailed information on energy savings and costs. Options are currently being explored to obtain this information.

2. Proposed Approach

- 2.1. It is proposed that an application to PSDS Ph3b is submitted when the portal opens in September 2023. We are currently discussing with partners their interest in being part of a GMCA-led consortium and potential projects, which will be undertaken in parallel to the activity proposed in 2.5.
- 2.2. Based on previous programmes we expect the following timeline:
 - Sept 22: PSDS Ph3b portal opens for applications
 - Nov 22-Jan 23: Clarification process (if application is shortlisted for review)
 - Feb 23: Decision and Grant Offer (if successful)
 - Mar 23: Contracting
 - Apr 23-Mar 24: Delivery

3. Next steps

The required next steps include:

- 3.1 Engage with partners to confirm their interest in a future PSDS Ph3b application and confirm buildings/ agree approach to feasibility studies and how the work will be funded.

4. Opportunities/risks

4.1. The key opportunities include:

- The timescale for delivery of the commission, if the bid is successful, is very tight (by Mar 2023). However, we believe that soft market engagement and strategic batching of the opportunities the timescale is deliverable.
- Utilisation of existing OJEU procured frameworks, Procure Plus, Fusion 21 and Re-FIT to support mobilisation and deployment of local supply chains
- Opportunity for Districts to collaborate with consequential efficiencies of scale

- Development of decarbonisation opportunities to build the pipeline and provide information support future capital funding ask/ grant applications.
- BEIS/Salix are likely to favour programmes that have shown a track record of impact and delivery at scale.

4.2. The key risks include:

- Insufficient capacity to deliver both internally and externally, in the form of officers and or supply chain.
- If GM does not bid for the either funding opportunity, it may hamper our credibility to win future funding, as we will not be engaged in the funding cycles and or provide continuity of delivery.

5. Financial Implications

If the bid is successful:

- 5.1. At this stage there are no financial consequences for GMCA capital budgets outside of GMFRS schemes, however, any bid into PSDS Ph 3b is likely to require a match contribution from partners. The level of match required will be determined by the combination of low carbon retrofit measures being applied for, in a similar manner to the funding received for PSDS Phase 3a currently being delivered.

6. Recommendations

The GMCA is requested to:

1. Note the opportunity to bid for circ. £20m from Salix (NPBD) under the Public Sector Decarbonisation Scheme Phase 3b.
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