

Greater Manchester Combined Authority

Date: 24 November 2023

Subject: Public Sector Decarbonisation Scheme 3c Opportunities

Report of: Councillor Ross, 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 Greater Manchester (GM) public building retrofit activity, through the Public Sector Decarbonisation Scheme Phase 3c (PSDS Ph3c via Salix Finance).

The paper provides background information regarding the GMCA's consortium bid for funding from the above scheme and seeks the necessary approvals to defray the funding on behalf of the city-region to complete the subsequent activities (if the bid is successful).

Recommendations:

The GMCA is requested to:

1. Note that the GMCA has proceeded with a consortium bid for circ. £9m from Salix (NPBD) under the Public Sector Decarbonisation Scheme Phase 3c.
2. Approve the receipt and defrayment of Public Sector Decarbonisation Scheme Phase 3c funding, with delegated authority to the GMCA Treasurer and Monitoring Officer to sign all necessary legal agreements (subject to successful award).
3. Note that the impact assessment reveals a positive impact for both environment and economy outcomes.

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN





- 4 Agree a top slice from any capital grant awarded to underpin the GMCA's cost of coordinating and project managing the scheme. The scale of the top slice will be confirmed on receipt of the grant.





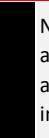
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Equalities Impact, Carbon and Sustainability Assessment:

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					
Buildings	Result	Justification/Mitigation			
Overall Score	<input type="text"/>				
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:

The submission has been informed by both national and local stakeholders 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., earlier phases of the Public Sector Decarbonisation Scheme and or Social Housing Decarbonisation Scheme.

Legal Considerations:

Public sector bodies that are contracting authorities in England as defined in the Public Contracts Regulations 2015 are eligible to apply for Phase 3c of the Public Sector Decarbonisation Scheme. Applications from consortia are eligible to apply if all members of the consortium comply with the organisation and building eligibility criteria.

The public sector applicant must ensure that accountability for the application, project delivery and governance sit with the Authorising Official and main contact in the grant recipient organisation, and that this cannot be transferred to contractors. It is the grant recipient's responsibility to ensure that contractors are delivering projects in line with the Phase 3c grant agreement.

If the bid is successful, a Grant Offer Letter will be issued and the GMCA will be required to enter into a funding agreement with Salix Finance. The terms of that funding agreement will be replicated in back-to back agreements with the recipient partner organisations in the consortium.

Financial Consequences – Revenue:

There are no financial consequences for GMCA revenue budgets, as fully funded provision will be provided within the application process. The bid includes an element of revenue funding to cover the costs incurred by the GMCA in its capacity as programme manager for the scheme.

Financial Consequences – Capital:

All 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

November 2023

1. Introduction/Background

- 1.1 Phase 3 of the Public Sector Decarbonisation Scheme will provide over £1.425 billion of national grant funding over the financial years 2022 to 2023 and 2025 to 2026, through multiple application windows. Public Sector Decarbonisation Scheme Phase 3c ('PSDS Phase 3c') is a two-year programme running across 2024 and 2025 with up to £230 million grant fund available.
- 1.2 GMCA has been working with local authorities and strategic partners to confirm interest and scope for a PSDS 3c submission since its announcement in summer 2023. Partners have confirmed their interest in being part of a GMCA-led consortium and have submitted potential projects detailing grant funding application and supporting match fund.
- 1.3 PSD Phase 3c funding will be released on similar terms and conditions to PSD Phase 3b, that is requiring match funding and focused on funding low-carbon heat upgrades on end-of-life boilers. The application process requires detailed feasibility studies, and detailed information on energy savings and costs. GMCA has been supporting partners with preparing feasibility documentation and supporting their route to application.

Proposed Approach

- 1.1. GMCA's consortia application to PSDS Phase 3c was submitted on 10 October 2023. Technical issues with the Salix Finance Portal meant that the bid was resubmitted on 6 November 2023.
- 1.2. GMCA has been advised the following timeline for fund application:
 - Nov 23-Jan 24: Clarification process (if application is shortlisted for review)
 - Feb 24: Decision and Grant Offer (if successful and subject to acceptance)
 - Mar 24: Contracting
 - Apr 24-Mar 25: Delivery

2. Next steps

3.1 If successful in the initial shortlisting review of our application, the GMCA will manage and support partners through the clarifications process.

3. Opportunities/risks

3.1. The key opportunities include:

- Previous experience suggests that the timescale for delivery of the commission, if the bid is successful, will be challenging. However, we believe that with soft market engagement and the strategic batching of the opportunities, the timescale is deliverable.
- The utilisation of existing OJEU procured frameworks, Procure Plus, Fusion 21 and or Crown Commercial Services to support mobilisation and deployment of local supply chains.
- The opportunity for Districts to collaborate with consequential efficiencies of scale.
- Development of decarbonisation opportunities to build the pipeline and provide information to support the future capital funding ask/ grant applications.
- DESNZ/Salix are likely to favour programmes that have shown a track record of impact and delivery at scale.

3.2. The key risks include:

- Insufficient capacity to deliver the scheme projects both internally and externally, in the form of officers and/or supply chain.
- Market volatility (if the bid is successful) can create cost pressure at tender stages of project. Our experience indicates this is a key risk that will be managed through project programme if funding application is successful.

4. Financial Implications

4.1. If the bid is successful, at this stage there are no financial consequences for GMCA capital budgets, however, any bid into PSDS Phase 3c does require a match contribution from partners. The level of match required has been determined by the combination of low carbon retrofit measures being applied for in a similar manner to the funding received for PSDS Phase 3a and 3b currently being delivered. The

consortium bid includes an element of revenue funding to cover the costs incurred by GMCA in its capacity as programme manager for the scheme.

5. Recommendations

6.1 The recommendations are set out at the beginning of the report.