DELEGATED DECISIONS BY CABINET MEMBER FINANCE
11 April 2025

Outline business case for Property decarbonisation programme 2025/26

Report by Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Cabinet Member Finance is RECOMMENDED to**

   a) Note that the total Property Decarbonisation Programme Budget included in the capital programme for 2025/26 will be £10m for works to 20 sites

   b) Approve the commencement of the procurement of decarbonisation works for the sites in the programme of works, noting that where sites are batched together into a single procurement exercise these may have a combined value in excess of £2m

   c) Delegate authority to the Executive Director of Resources & Section 151 Officer to agree the procurement strategy and approve the award of contracts associated with the 2025/26 Property Decarbonisation Programme

Executive Summary

2. The Council has secured central government grant funding of £0.36m, requiring £10m match funding, to conduct full scale property decarbonisation of 20 buildings, putting these buildings on the pathway to net zero. This includes the electrification of heating, building fabric improvements, electrical efficiency improvements and deployment of renewable electricity generation technology.

3. This funding is time limited and need to be spent by 31 March 2026. A complex programme of works to replace aged equipment in a poor state of repair will generate potential carbon savings of 333 Tonnes of CO^2e[1].

4. A range of options are presented within the report, with the recommendation to approve the full set of works to achieve the maximum decarbonisation benefits.

Exempt Information

5. The table 2 in appendix 1 is to be exempted on the basis that the information relates to the financial or business affairs of the council. The Council has yet to procure these works. Disclosing the budget per site would distort the proper process of open competition and prejudice the position of the council in the future procurement of the contracts and the Council's standing generally in relation to such procurements in future, to the detriment of the Council's ability to properly discharge its fiduciary and other duties as a public authority.

Background

6. The Council declared a climate emergency in 2019 with a target of 2030 to bring the Council's operations and activities to carbon neutrality. This target is reflected in the Council's Climate Action Framework and Property Strategy.

7. In 2023/24 the Council's property accounted for approximately 35% (2,706 tCO_2e) of the emissions that need to be reduced to meet the carbon neutrality target by 2030. In addition, a reactive only maintenance approach has left much of the Council's estate in very poor-quality condition, with many components past their expected working life and in need of replacement irrespective of the carbon neutrality target.

8. To reduce emissions the aim is to stop fossil fuelled activities within the Council's properties, which is predominantly heating, via the electrification of these components. Although there will be a carbon component remaining by 2030 from the use of electricity, this will be much reduced according to the government's Clean Power 2030 Action Plan and will be on the pathway to fully net zero by 2050 in line with the decarbonisation of the electricity grid. This should enable an ever-reducing need for carbon offsetting by 2030 and beyond which is outside of this scope of works but is recognised by the industry to be a significant unknown, given the currently few recognised and accepted methods of carbon offsetting.

9. The transition to electric heating will predominantly be via heat pumps and infrared heating. Due to the lower operating temperatures of the heat pumps improvements are required in thermal building fabric (e.g. single glazing to double or triple glazing, insulation installations, etc.) to decrease the potential

[1] This is a preliminary estimation, and the final carbon reductions expected from these projects may change as we produce detailed assessments of carbon reductions.

running costs. Nonetheless even with these improvements because of the, currently, low cost of gas compared to electricity the running costs would be increased. As part of the strategic approach the Council would seek to install renewable electricity measures (solar PV) and upgrade electrical components (particularly lighting to LED), to ensure the overall running costs do not increase.

Public Sector Decarbonisation Funding

10. The Public Sector Decarbonisation Fund (PSDS) is a central government grant fund awarded to public sector bodies to replace fossil fuelled heating systems from buildings, whilst also conducting thermal fabric improvements, electrical efficiency improvements and solar PV deployments amongst other measures.

11. The council has secured £0.36 m of central government grant funding, alongside £10m approved matched funding, agreed by Council in February 2025 as part of the Capital Programme to 2033/34, to conduct works to 20 properties, with the grant funding needing to be spent within 12 months. The potential carbon savings associated with these properties have been estimated to be 333T CO_2e per year[2]. The 20 properties are detailed in Table 1 and Appendix 1:

Table 1: Site List

Wallingford Community Support Service	Ron Groves House	Berinsfield Library
Wantage Fire Station	Wantage Library	Summertown Library
Abingdon Children and Family Centre	Oxford Community Support Service	Drayton Highways Depot
Didcot Fire Station	Holton Library HQ	Witney Resource Centre
Thornhill Park and Ride	Oxford Parkway	Bicester Fire Station
Abingdon Fire Station	Deddington Depot	Blackbird Leys Library
Bampton Fire Station	Henley Fire Station	

12. The Council will seek to utilise a combination of existing procurement frameworks alongside self-tendered contracts for smaller valued works, in accordance with the Contract Procedure Rules. Some of the works are likely to be batched up and procured as a single procurement exercise and awarded to a single contractor to deliver with a potential award value over £2m.

13. Some of the proposed measures will enable a component of future proofing of the building in relation to climate adaptation, by installing heating systems that can provide cooling in the summer months and alleviate existing overheating problems within the buildings.

[2] This is a preliminary estimation, and the final carbon reductions expected from these projects may change as we produce detailed assessments of carbon reductions.

14. The grant funding needs to be spent by 31 March 2026. Due to the constrained timescale, delegated authority is sought for later stage business cases to ensure that the projects are delivered efficiently.

Options Appraisal

15. The Council has 3 options available:
    - Option 1: Do Nothing, this will incur a capital cost of £2.35m to replace components at the end of their useful life.
    - Option 2: Do Minimum, will incur a capital cost of £2.8m, in addition to option 1 this approach will be to focus on technologies that have a high payback, this would utilise the existing funding available and would focus on an unknown set of measures delivering a lower amount of carbon savings. The Council would also need to return the PSDS3c grant incurring a reputational risk.
    - Option 3: Do Maximum, this approach will conduct the full set of measures as set out within the paper costing £10m, with an annual saving of £0.013m and 333T CO2e per year.

16. The recommended option is option 3, due to the need to meet the Council's corporate priorities, achieving the maximum carbon savings and utilising grant funding.

Corporate Policies and Priorities

17. The proposal strongly supports the following Council priorities:
    - Put action to address the Climate Emergency at the heart of our work.
    - Work with local businesses and partners for environmental, economic, and social benefit
18. The proposals directly support the aims of the Council's climate action framework alongside the Council's property strategy.

Financial Implications

The financial implications section should be completed by a member of the finance service

19. The Capital Programme approved by Council in February 2025 includes council funding of £10m for the Decarbonisation Programme.

20. The £0.36m grant funding from the Public Sector Decarbonisation Fund is required to be spent by 31 March 2026. There is a risk that if there is slippage in the programme, that the grant cannot be fully utilised or that additional costs will fall on the Council. Therefore, the programme will need to be carefully managed with updates on progress and any risks reported throughout the year so that any mitigating action can be taken.

21. As a result of the investment, there will be a small annual financial saving from the proposed measures estimated at £0.013m. This is not currently included in the Medium-Term Financial Strategy.

22. Comments checked by:

    Kathy Wilcox, Head of Corporate Finance, Kathy.wilcox@oxfordshire.gov.uk

Legal Implications

The legal implications section should be completed by a member of the legal service

23. Section 1 of the Climate Action Act 2008 placed a duty on the Secretary of State to ensure that the UK carbon account in 2050 is at least 100% lower than the 1990 baseline. The projects identified in this report will help support the Council's Climate Action Framework and Property Strategy and the UK Government's net zero commitment.

24. The procurement of suitable contractors for the delivery of the series of works covered by this programme will be conducted in line with the Council's Contract Procedure Rules and any applicable procurement legislation. The Council's lawyers will support this delivery by providing advice on and preparing contractual documentation.
    Comments checked by:

    Jayne Pringle, Head of Law – Contracts & Conveyancing
    Jayne.pringle@oxfordshire.gov.uk

Staff Implications

25. The costs detailed have included suitable provision for staffing costs for managing the delivery of these projects.

Equality & Inclusion Implications

26. Potential impacts are low, and mitigated by ensuring implementation does not bias

Sustainability Implications

27. The proposals have a positive benefit in reducing the carbon footprint of the Council and providing for future proofing of buildings in terms of climate adaptation and further potential carbon savings.

Comments Checked by: Franco Gonzalez, Carbon Analyst,
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Risk Management

28. There are a number of risks associated with the delivery of this project, the main risks are local electricity grid upgrades, contractors not being able to deliver within budget, contractors not being able to deliver within time. These risks will be managed in line with the Council's corporate approach to risk and the key business cases stages associated with the Capital Governance Programme, to ensure contracts and contractors are managed effectively. The local electricity grid upgrades are an unclear picture that will not be clarified until a grid application is made, however early engagement with the DNO will help clarify this.

Lorna Baxter, Executive Director Resources and Section 151 Officer

Annex: None

Background papers: None

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April 2025