

Divisions Affected – N/A

DELEGATED DECISIONS BY CABINET MEMBER FOR FINANCE

08 March 2024

2024/25 Property Decarbonisation Programme

**Report by the Executive Director of Resources & Section 151
Officer**

RECOMMENDATION

1. **The Cabinet Member for Finance is RECOMMENDED:**
 - (a) **To approve the receipt of £3.1m grant funding from the Public Sector Decarbonisation Fund.**
 - (b) **To note, subject to approval (a), that the total Decarbonisation Programme budget included in the capital programme for 2024/25 will be £8.2m for works to 26 sites.**
 - (c) **To approve the commencement of the procurement of decarbonisation works with a value above £1m for Kidlington Fire Station HQ.**
 - (d) **To approve the commencement of the procurement of decarbonisation works with a value above £1m for Oxford Resource Centre.**
 - (e) **To approve the commencement of the procurement of decarbonisation works for the other sites in the programme of works, noting that where sites may be batched together into a single procurement exercise these will have a combined value in excess of £1m.**
 - (f) **Delegate authority to the Executive Director of Resources & Section 151 Officer to agree the procurement strategy and award of contracts associated with the 2024/25 Property Decarbonisation Programme.**

Executive Summary

2. **The Council has secured central government grant funding of £3.1m, requiring £5.1m match funding, to conduct full scale property decarbonisation of 26**

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 2025. A complex programme of works to replace aged equipment in a poor state of repair will generate potential carbon savings of 425 Tonnes of CO²e.
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.

Background

5. The Council declared a climate emergency in 2019 with a target of 2030 to bring the Council's operations and activities to net zero. This target is reflected in the Council's Climate Action Framework and Property Strategy.
6. In 2022/23 the Council's property accounted for approximately 33% (3,467 T CO₂e) of the emissions that need to be reduced to meet the net zero 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 net zero target.
7. 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 and will be on the pathway to fully net zero 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.
8. 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 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

9. 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.

10. The council has secured £3.1m of central government grant funding, alongside £5.1m approved matched funding, agreed by Council in February 2024 as part of the Capital Programme to 2033/34, to conduct works to 26 properties, with the grant funding needing to be spent within 12 months. The carbon savings associated with these properties are 425T CO₂e per year, or 12% of the property emissions. The 26 properties are detailed in Table 1:

Table 1: Site List

Kidlington Fire Station HQ	Oxford Record Office	Standlake Museum Store
Union Street	Bicester Day Centre	Henley Library
Rose Hill Children and Family Centre	Abingdon Library	Witney Library
Forum Youth Centre	Didcot Children and Family Centre	Cowley Library
Grove Library	Chipping Norton Fire Station	Chipping Norton Library
Witney Children and Family Centre	Wychwood Library	Faringdon Fire Station
Wallingford Library	Burford Library	Thame Library
Watlington Fire Station	Woodstock Fire Station	Wallingford Fire Station
Charlbury Fire Station	Eynsham Fire Station	

11. 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. The value of the works at two of the properties, Kidlington Fire Station, and Oxford Resource Centre, will each be in excess of £1million, and require a Key Decision to proceed. In addition, some of the smaller value works are likely to be batched up and procured as a single procurement exercise and awarded to a single contractor to deliver.
12. 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.
13. The grant funding needs to be spent by 31 March 2025. Due to the constrained timescale, delegated authority is sought for later stage business cases to ensure that the projects are delivered efficiently.

Options Appraisal

14. The Council has 3 options available:
 - Option 1: Do Nothing, this will incur a capital cost of £1.5m to replace components at the end of their useful life.

- Option 2: Do Minimum, 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 £8.2m, with an annual saving of £0.054m and 425T CO₂e per year.
15. 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

16. 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.
17. The proposals directly support the aims of the Council's climate action framework alongside the Council's property strategy.

Financial Implications

18. The Capital Programme approved by Council in February 2024 includes council funding of £5.1m for the Decarbonisation Programme.
19. The £3.1m grant funding from the Public Sector Decarbonisation Fund is required to be spent by 31 March 2025. 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.
20. As a result of the investment, there will be a small annual financial saving from the proposed measures estimated at £0.054m. This is not currently included in the Medium Term Financial Strategy.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance
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Legal Implications

21. Section 1 of the Climate Action Act 2008 placed a duty on the Secretary of State to ensure that the UK carbon account in 2030 is at least 100% lower than the 1990 baseline. The projects identified in this report will help support Council's Climate Action Framework and Property Strategy and the UK Government's net zero commitment.
22. The selection of suitable contractors for the delivery of the series of works covered by this programme will need to be conducted in line with the Council's procurement policies, the Contract Procedure Rules and relevant procurement legislation. The Council's lawyers will support this delivery by providing advice on the procurement process and suitable contractual documentation.
Comments checked by:

Jayne Pringle, Head of Law and Legal Business Partner (Contracts and Conveyancing)
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Staff Implications

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

Sustainability Implications

24. 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:

Tammy Marrett, tammy.marrett@oxfordshire.gov.uk (Climate Action)

Risk Management

25. 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: N/A

Background papers: N/A

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