



Cabinet
6 April 2021

Report from the Assistant Chief Executive

Public Sector Decarbonisation Scheme – Energy Efficiency Works in Brent Corporate Buildings

Wards Affected:	Barnhill, Harlesden, Kenton, Kilburn, Northwick Park, Preston, Queensbury, Queens Park, Tokyngton, Welsh Harp, Wembley Central, Willesden Green
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt:	Part Exempt – Appendix 2 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	Four Appendix 1: 2019-20 Brent Total tCO2 by A) Building type B) Site Appendix 2: Costs of technologies by a) site and b) category (exempt) Appendix 3: Example of measures for ten of the proposed buildings Appendix 4: Risk matrix – before mitigation measures, with key mitigation measures in bold
Background Papers	None
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1.0 Purpose of the Report

1.1 Brent's building stock offers significant potential for improvement in energy efficiency. This report details a project which sets out to improve the energy

efficiency of the selected Brent Council retained buildings with the highest energy consumption, creating energy and cost savings to the council.

- 1.2 This project forms part of the wider Climate and Ecological Emergency delivery strategy, to reach net zero carbon emissions before 2030, and specifically in leading by example to decarbonise Brent's own buildings.
- 1.3 The project will be funded using £3,234,000 of Section 31 grant funding won through the Public Sector Decarbonisation Scheme (PSDS), via the Government department BEIS (Department for Business, Energy & Industrial Strategy), and administered by Salix Finance, a non-departmental public body. The breakdown of costs is included in 5.2, and the total includes funding for Project Management support.
- 1.4 Forecast annual savings from all the measures in the application total £174k per annum. This figure is subject to improved accuracy of forecast in an Investment Grade Proposal.
- 1.5 A condition of the PSDS grant scheme is that the works should be complete by September 2021 where possible, with the final date for completion of the works by March 2022.

2.0 Recommendations for Cabinet

That Cabinet

- 2.1 Approves the project to improve the energy efficiency of selected Brent Council retained buildings with the highest energy consumption as detailed in Table 1 at paragraph 3.8.
- 2.2 Delegates authority to the Assistant Chief Executive, in consultation with the Lead Member for the Environment, to make further adjustments to the building and technology selection for the project referred to in 2.1 above to ensure best value for the reasons detailed in paragraph 3.7.
- 2.3 Approves the Council entering into a grant agreement with the Department for Business, Energy & Industrial Strategy to fund the project referred to in 2.1 above in the sum of £3,234,000.
- 2.4 Notes that Officers will undertake procurements to appoint a range of consultants and contractors using powers delegated under Part 3 of the Constitution to achieve the aims of the project referred to in 2.1 above.

3.0 Detail

- 3.1 The objective of any energy efficiency strategy should be to reduce demand before integrating low carbon technologies. On that basis, Officers' proposal to improve the energy efficiency of selected Brent Council retained buildings with the highest energy consumption includes a range of measures such as insulation of walls, floors, roofs and pipes and improved glazing.

- 3.2 In order to help achieve the proposal to improve the energy efficiency of selected Brent Council retained buildings with the highest energy consumption, Officers successfully applied for grant funding through the Public Sector Decarbonisation Scheme (PSDS), via the Department for Business, Energy & Industrial Strategy, and administered by Salix Finance, a non-departmental public body. The Lead Member for the Environment was consulted in relation to the application. The grant funding is for £3,234,000. The objectives of the grant agreement are consistent with the Council objectives and priorities. It is a requirement for the grant funding that all relevant works are completed by March 2022.
- 3.3 The majority of the grant funding will go to the successful contractor to pay for the materials and to carry out the energy efficiency works across the selected buildings. Officers will need to procure a works contractor. Given the estimated value of the contract, Officers will do so using powers delegated under Part 3 of the Constitution.
- 3.4 There are also significant sums in the budget for design and engineering and project delivery. Officers will undertake a series of procurements using delegated powers to procure appropriate consultants and any other miscellaneous contractors.
- 3.5 With regards to feasibility work already conducted, a Low Carbon Skills Fund – Project Development grant fund from Salix was open to public organisations which needed support to develop applications for the PSDS. Brent Energy Team successfully won £60k of grant funding to conduct energy audits at 13 sites (to add to 3 existing audits). Three consultants were employed to do the audits; the work was completed in December 2020 and January 2021. These audits contain recommendations for technologies and work, which include, for all measures, forecasts of energy and carbon savings and costs.
- 3.6 Table 1 shows the list of sites selected for improvements in energy efficiency. There is money within the grant to fund Project Management support.
- 3.7 Whilst the total grant sum is fixed, the specific grant allocations to each site and technology is not fixed; it is possible to change the list of sites and works, if any of the sites need to be taken off the list. Officers can also change the technologies, and for example it is possible to use the grant to part-fund measures such as LED lighting, which may not otherwise fully meet the grant requirements of cost per tCO₂e.
- 3.8 Officers will need to procure a range of consultants and a main contractor to carry out the works. To minimise any risk of not meeting the March 2022 deadline for spending the grant, Officers will specify that the contractor must finish the works by that date to be paid.

Site
Brent Civic Centre
Tudor Gardens
Short Break Centre
Library at Willesden
John Billam Centre
Willow Children's Centre
Northwick Park Sports Pavilion
Preston Park Sports Pavilion
Gordon Brown Centre
Ealing Road Library
Barham Park complex
Harlesden Library
Kilburn Library
New Millennium Day Centre
Carlton Centre & Granville Centre
Willesden Sports Centre

Table 1: List of selected sites

4.0 Alternative Options Considered

Do nothing

- 4.1 This is not a viable option, as the council has committed in the Climate and Ecological Emergency declaration to lead by example and develop a plan for the council to achieve net zero carbon emissions from the council's own estate and operations by 2030.

Self-finance

- 4.2 As part of the Climate Emergency Delivery Plan, the Energy Team, working with other teams in the council, were to develop a business case and fund works using a capital investment approach. It is clear from the PSDS application that it would have been difficult to justify capital investment on usual payback or commercial terms. The opportunity afforded by the grant is to undertake works which have an impact on the council's costs and would otherwise have been difficult to justify.

Grant

- 4.3 The PSDS is a Government scheme offering grants for public sector bodies to fund energy efficiency and heat decarbonisation measures. This meant providing the public sector with an opportunity to facilitate a big step in the transition to net zero carbon, and include technologies that were previously difficult to fund, such as heat pumps and other renewable sources of energy such as solar panels. There was no upper limit to the value of the grant bid, so following the Project Development energy audits (funded by a separate Salix grant) this successful bid for a grant of £3.234m was made, to implement all of the energy efficiency measures recommended by the energy audits.

4.4 The initial PSDS grant scheme total fund size of £1bn was oversubscribed. As a result, Salix and BEIS agreed that local authorities could request the grant money bid for via Section 31 government funds instead. This is the preferred option.

5.0 Financial Implications

5.1 The project will be funded using £3.234m of Section 31 grant funding, this includes the delivery of the project and officer's time. The grant must be spent by 31.03.22, otherwise any unspent amounts will be returned. The Director of Finance has no objection to entry into the grant agreement.

5.2 Total capital investment breakdown:

- Design and engineering costs 10%
- Main equipment capital costs 35%
- Installation and commissioning costs 29%
- Project delivery costs 15%
- Contingency costs 11%

6.0 Legal Implications

6.1 In accordance with paragraph 13 of Part 3 of the Constitution, submission of bids for additional resources from government is a decision for individual Cabinet Members in relation to their portfolio area in consultation with the Leader. Officers have confirmed in paragraph 3.2 that relevant approval was obtained.

6.2 Cabinet approval is sought to enter into a grant agreement with the Department for Business, Energy & Industrial Strategy to fund the project referred to in Recommendation 2.1 above in the sum of £3,234,000. As detailed at paragraph 3.2, the objectives of the grant agreement are consistent with the Council objectives and priorities in accordance with Financial Regulation 9.1.2.

6.3 As the Council will be an accountable body in respect of grant funding and in accordance with Financial Regulation 9.1.1, the Director of Finance should approve entry into such arrangement. The Director of Finance has confirmed in the Financial Implications approval to entry into the grant agreement.

6.4 The Council is required to enter into a formal grant agreement. The grant money must be spent in compliance with the agreement, as set out in the Grant Offer Letter, to include delivery of works by 31 March 2022.

6.5 In order to meet the requirements of the project referred to in recommendation 2.1, officers will undertake procurements to appoint a range of consultants and contractors using powers delegated under Part 3 of the Constitution.

7.0 Equality Implications

7.1 There are no adverse diversity implications to the accessibility of the buildings included in the project, they are all Brent Council portfolio buildings

8.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

8.1 There is currently insufficient resource in the Energy Team to fully manage this project. Further investigations are required on the availability of project management resource within the council in other teams to assist or whether an external project management company will be required.

8.2 Forecast annual carbon emissions (tonnes of CO2 equivalent) savings from Category 1 and 2 technologies 365 tonnes of CO2 equivalent per annum.

8.3 In terms of a carbon life cycle assessment, refurbishing buildings is lower carbon than building new buildings.

9.0 Proposed Consultation with Ward Members and Stakeholders

9.1 None

Report sign off:

Shazia Hussain
Assistant Chief Executive