

	Officer Key Decision
	Report to the Corporate Director, Finance and Resources
Authority to Enter into a Grant Agreement for the Green Heat Network Fund Round 3 for the South Kilburn Heat Network	

Wards Affected:	Kilburn
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Appendix 1 – Grant Funding Agreement (MoU)
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Catherine Arotsky Senior Sustainability and Energy Manager Catherine.arotsky@brent.gov.uk Francesca Campagnoli District Energy Network Manager francesca.campagnoli@brent.gov.uk

1.0 Purpose of the Report

1.1 This report requests approval to enter into a grant agreement with the Department for Energy Security, Net Zero for the Green Heat Network Fund Round 3 for funds to support the delivery of the South Kilburn Heat Network.

2.0 Recommendation(s)

That the Corporate Director, Finance and Resources:

2.1 Approves the Council entering into a grant agreement with Department for Energy Security, Net Zero for the Green Heat Network Fund Round 3 in the sum of £4,708,849 for costs of constructing the district heat network and £450,000 for council's costs to procure the network.

3.0 Detail

3.1 The Council has been successful in its application to Department for Energy Security, Net Zero (DESNZ) for the Green Heat Network Fund (GHNF) Round 3. This application was made in consultation with the Lead Member.

3.2 In order to receive grant funding, the Council is required to:

- sign the Grant Funding Agreement, a copy of which is included in Appendix 1.
- provide DESNZ and Triple Point with its bank details as part of the Supplier Form.

3.3 The grant funding will be used to help fund the South Kilburn District Heat Network that will be a network of pipes feeding heat to the buildings in South Kilburn. The heat network aims to initially provide affordable, low carbon heat and ultimately zero carbon heat to developments in South Kilburn which form part of the South Kilburn Regeneration Programme along with additional connections where appropriate and practicable. The objectives of the funding are thus consistent with the Council objectives and priorities.

3.4 Approval was obtained from Cabinet in May 2023 invite tenders for a Design, Build Operate Maintain contractor to deliver and manage the network for the Council.

4.0 Alternatives considered

4.1 The alternative considered was to increase borrowing. The financial analysis undertaken as part of the grant bid indicated that without the grant, the proposed project would not be affordable for the Council.

5.0 Financial Implications

5.1 The grant bid originally projected GHNF grant of £5.7m with lower borrowing of £4.3m. However, during discussions with the GHNF it became clear that the grant funding achievable for this project would be lower and as such the revised figure of £4.7m was secured, with the reduction being covered through increasing borrowing by £1m.

5.2 It is anticipated that the GHNF Round 3 grant will be used to part fund the cost of a contract for a Design, Build Operate Maintain contractor. For the initial term of the contract, it will be funded from the following sources:

S106 – specific amounts collected against new developments in South Kilburn	£7.5m
GHNF Grant	£4.7m
Prudential Borrowing	£5.3m

5.3 Evidence of outturn will be provided to Triplepoint on a monthly basis. The project will be monitored for spend against forecast and against project delivery of pre-agreed milestones. Assuming that outturn and delivery of the milestones is progressed as planned, then at the start of the 2024/25 financial year, the Council will confirm acceptance of the capital grant of £4.7m and at this point, the funding will be transferred to the Council.

5.4 Under the GHNF Round 3 grant, the Council will be an “Accountable Body” when receiving grant funding. As such the Corporate Director, Finance and Resources is requested to approve the proposed grant arrangements.

6.0 Legal Implications

6.1 Officers have been awarded funding from the GHNF. In accordance with section 9 of the table at paragraph 9.5 of Part 3 of the Constitution, submission of bids for additional resources from government and other bodies is a decision for a Corporate Director in consultation with the relevant Cabinet Member. Officers have confirmed in Section 3 that relevant approval and consultation was obtained.

6.2 The Corporate Director, Finance and Resources has delegated authority pursuant to paragraph 9.5 of Part 3 of the Constitution and Financial Regulation 8.2.2 of Part 2 of the Constitution to enter into grant funding arrangements. In doing so, the Corporate Director must ensure that 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 Corporate Director, Finance and Resources must be satisfied with the proposed grant agreement.

6.4 The Council is required to enter into a formal grant agreement, a copy of which is at Appendix 1. Legal Services have reviewed the grant agreement and can confirm that it is legally permissible for the Council to enter into the grant agreement.]

6.5 Once the Council has entered into the grant agreement, it must act in accordance with its grant conditions.

7.0 Equality Implications

7.1 Pursuant to s149 Equality Act 2010 (the “Public Sector Equality Duty”), the Council must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

7.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 7.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 7.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 7.5 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.

8.0 Consultation with Ward Members and Stakeholders

- 8.1 A meeting is being arranged to inform local ward councillors about the successful GHNF bid and the forthcoming procurement process.

9.0 Human Resources/Property Implications (if appropriate)

- 9.1 There are no direct human resources or property implications arising from entry into the GHNF grant agreement. The intention is to use the funding to procure a contract for a Design, Build Operate Maintain contractor. Once the network is constructed, the proposal is to manage the network in house. This will require additional staff including a contract manager and officer to support residents. This will be funded through the heat income from the project. Any additional resource would result in additional costs which could increase the heat tariff.

Report sign off:

Oliver Myers

Head of Environmental Strategy Commissioning and
Climate Change