

<b>Report Title</b>	Public Sector Decarbonisation Scheme
<b>Portfolio Holder</b>	Portfolio Holder for Net-Zero and Air Quality
<b>Summary of report</b>	Request to spend up to £34m Public Sector Decarbonisation Scheme grant and up to £20m match funding loan to deliver decarbonisation of public buildings.
<b>Is this report exempt?</b>	No
<b>Is this a Key Decision</b>	Yes In relation to expenditure or savings, it is likely to result in revenue in excess of £250,000 or capital in excess of £250,000.
<b>Is the report urgent?</b>	No
<b>Is this decision to be exempt from call in?</b>	No
<b>Local Authorities affected</b>	Knowsley Metropolitan Borough Council; Liverpool City Council; Sefton Metropolitan Borough Council; St. Helens Metropolitan Borough Council; Wirral Metropolitan Borough Council;
<b>Impact and implications of this report</b>	
<b>Financial impact</b>	Yes – see paragraph 4.1
<b>Delegation (s) sought</b>	Yes, see recommendation 2 (a)
<b>Supporting the Corporate Plan</b>	A Fairer City Region A Stronger City Region A Cleaner City Region A Connected City Region A Vibrant City Region
<b>Climate Change Implications</b>	Yes – see paragraph 4.3
<b>Equality and Diversity implications</b>	No
<b>Social Value implications</b>	Yes – see paragraph 4.4
<b>Human Resources implications</b>	Yes – see paragraph 4.5
<b>Physical Assets implications</b>	Yes – see paragraph 4.6
<b>Information Technology implications</b>	No
<b>Legal implications</b>	Yes – see paragraph 4.7

<b>Risk and Mitigation</b>	Yes – see paragraph 4.8
<b>Privacy implications</b>	No
<b>Communication and consultation implications</b>	Yes – see paragraph 4.9
<b>Contact Officer(s)</b>	Tracy Gordon, Housing Partnerships Manager, E-mail: <a href="mailto:tracy.gordon@liverpoolcityregion-ca.gov.uk">tracy.gordon@liverpoolcityregion-ca.gov.uk</a> Luca Biagioni, Local Energy Lead E-mail: <a href="mailto:luca.biagioni@liverpoolcityregion-ca.gov.uk">luca.biagioni@liverpoolcityregion-ca.gov.uk</a>
<b>Appendices</b>	Yes 1 - full grant breakdown by Local Authority 2 – list of buildings in scheme 3 – list of potential solar sites
<b>Background Documents</b>	No

# **Liverpool City Region Combined Authority**

**Friday, 15 March 2024**

## **Report of the Executive Director - Investment and Delivery and the Portfolio Holder for Net-Zero and Air Quality**

### **PUBLIC SECTOR DECARBONISATION SCHEME**

#### **1. PURPOSE OF REPORT**

- 1.1. This report informs the Combined Authority of the opportunity to strengthen our leadership in net zero delivery. It requests delegation of authority to officers to enable the Combined Authority to spend up to £34m Public Sector Decarbonisation Scheme funding should the outcome of the bid be successful. This will be matched with up to £5m UK Infrastructure Bank (UKIB) loan, which together will deliver heat decarbonisation and energy efficiency measures to at least 38 public buildings across the city region. In addition, a further sum of up to £15m will be borrowed from UKIB to establish a solar programme on public buildings at another 30 sites.

#### **2. RECOMMENDATIONS**

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
- (a) notes the submission of a bid for a Public Sector Decarbonisation Scheme grant of up to £34m from the Department of Energy Security and Net Zero, and that the Executive Director of Corporate Services has delegated authority to accept this funding on behalf of the Combined Authority if the bid is successful; and
  - (b) delegates authority to the Executive Director of Investment and Delivery in consultation with the Portfolio Holder for Net Zero and Air Quality, the Executive Director of Corporate Services and the Monitoring Officer to carry out the following actions in the event that the bid is successful:
    - (i) enter into a loan agreement with the UK Infrastructure Bank for match funding up to £20m to deliver the Public Sector Decarbonisation Scheme and the solar installation scheme;
    - (ii) procure and enter into a contract with a supplier to deliver the schemes; and
    - (iii) enter into legal agreements with each Local Authority to agree to the works to be carried out and the repayment of loans.

#### **3. BACKGROUND**

- 3.1. The need to cut carbon emissions is a vital part of the Combined Authority's route to Net Zero Carbon by 2040 that has been well documented. The Five Year Carbon Action Plan approved in July 2023 highlighted the lead role that the Combined Authority should provide in accessing government grants to decarbonise public buildings.

- 3.2. The majority of emissions from buildings are from the housing sector but public buildings make up 13% of total building emissions. The six Local Authorities and the Combined Authority have over 600 buildings in their ownership that emit almost 77,000 tonnes of CO<sub>2</sub>. Whilst these emissions represent only a fraction of public sector building emissions, the declaration of climate emergencies and other local environmental commitments show we have a pivotal role in leading by example to decarbonise our assets.
- 3.3 The Combined Authority previously acted on behalf of four Local Authorities to successfully deliver decarbonisation plans for 52 public buildings using the Low Carbon Skills Fund grant. This grant submission to the Public Sector Decarbonisation Scheme (PSDS) follows on from that work to implement recommendations and takes further advantage of the support of the NW Net Zero Hub to access government funding.
- 3.4 Working with the Local Authority Climate Officers Group, along with other colleagues from Property and Finance teams, a group of eligible buildings have been submitted for up to £34m grant funding (see Appendix 2). All five Local Authorities have appropriate approvals in place for a bid which was submitted on 7 November 2023. The full breakdown of the bid can be found in Appendix 1. Halton Council were supported by the NW Net Zero Hub to submit their own bid to the PSDS fund.
- 3.5 A funding announcement is expected before the end of March 2024 for this two year programme of works. Should the bid be successful, the intention is to borrow the match funding from the UK Infrastructure Bank in a trailblazing agreement. The measures installed in each building will be a mix of fabric improvements to reduce heat consumption and new heating systems to remove gas usage. The UK Infrastructure Bank funding would also support a solar installation programme on appropriate public buildings. The income from energy generation and savings from reduced energy use will then be used to pay off the loan.
- 3.6 The Combined Authority will enter into a contract with a provider who will complete the detailed design for each scheme and deliver the works. A pre-engagement event was held in January 2024 with over 100 firms attending to hear about the contract. The event was aimed at local companies and SMEs to support local jobs. The Combined Authority would enter into agreements with each Local Authority to deliver each scheme with a new delivery board established to ensure good communications.
- 3.7 Due to the anticipated timing of the funding announcement, and the need to progress quickly to meet PSDS timescales, a delegation of authority is requested to the Executive Director of Investment and Delivery to take the actions necessary to commence delivery, should the bid be successful.

## **4. IMPACT AND IMPLICATIONS**

### **4.1. Financial**

The Combined Authority will be in receipt of Public Sector Decarbonisation Scheme grant of c£34m and a loan of up to £20m from the UK Infrastructure Bank. The full

details of the loan are yet to be finalised dependent on the grant from the Public Sector Decarbonisation Scheme but will likely be for between 5 and 10 years to repay and will be cheaper than from the Public Works Loan Board. The solar element of the project will generate income from selling electricity to the grid which will enable the loan to be paid back.

#### **4.2 Supporting the Corporate Plan**

A Cleaner City Region – this project will reduce carbon emissions from public buildings and generate clean energy from the installation of photovoltaic panels as part of the Combined Authority's five year carbon action plan.

#### **4.3 Climate Change**

As noted above this proposal will reduce energy consumption by an estimated 21,500kWh pa which will be a 44% reduction in carbon emissions for these buildings.

#### **4.4 Social Value**

Through the procurement process social value will be an important part of the quality questions required to appoint a contractor. The types of outputs expected to be included in the contract and monitored will be in training, including apprenticeships, working with schools and colleges to encourage young people into green skills jobs.

#### **4.5 Human Resources**

The project funding includes sufficient resource to ensure that project management will be procured through the contractor. The Local Energy Lead Officer will supervise the day to day running of the project and the Lead Officer Housing Partnerships will chair the Project Board.

#### **4.6 Physical Assets**

The list of buildings listed in Appendix 2 will all be positively enhanced through the implementation of this grant scheme.

#### **4.7 Legal**

The Combined Authority will have to ensure that all contractual, procurement and legal requirements associated with the grant are met. It is not anticipated that these grants will be classified as subsidies under the Subsidy Control Act 2022, as the beneficiaries will be the public bodies, however this will be reviewed by Legal Services.

#### **4.8 Risks and Mitigation**

The top three risks and mitigations to the scheme are set out below.

<b>Risk Name</b>	<b>Cause</b>	<b>Planned Actions</b>
Lack of Contractor Interest	Unable to deliver the programme	<ul style="list-style-type: none"> <li>▪ Engaged with contractors prior to procurement of contract to test market interest.</li> <li>▪ Wide publicity at launch of procurement process.</li> </ul>
Construction Cost Inflation	Unable to deliver full programme	<ul style="list-style-type: none"> <li>▪ Have benchmarks on costs from previous programmes.</li> <li>▪ Clear procurement brief.</li> <li>▪ Clauses in contract granted to ensure where risk lies.</li> </ul>
Loan Repayments	Unable to repay loan increasing costs	<ul style="list-style-type: none"> <li>▪ Matching solar installation to generate income</li> <li>▪ Negotiating individual terms of loan repayments</li> </ul>

#### 4.9 Communication and Consultation

Extensive consultation has already taken place with all building owners and will continue through the delivery of the scheme. The establishment of a working group will ensure clear communication between all parties during the delivery of the scheme. Positive publicity will be sought at key points in the two years the projects will run, ensuring our commitments to decarbonising public buildings will inspire other building owners to follow.

## 5. CONCLUSION

- 5.1. Should the grant funding be successful, the actions of both the Combined Authority and Local Authorities will lead the way for other building owners in the city region to decarbonise their own buildings putting us on a firmer footing to deliver on our 2040 net zero carbon ambitions.

AILEEN JONES  
Executive Director - Investment and  
Delivery

COUNCILLOR DAVID BAINES  
Portfolio Holder for Net-Zero and Air  
Quality

### Appendices:

- 1 – Breakdown of Public Sector Decarbonisation Scheme funding application
- 2 – List of Buildings which will be in the Public Sector Decarbonisation Scheme
- 3 – List of potential solar schemes