

## Cabinet Member Decision Note

### Public Sector Decarbonisation Scheme Grant and Low Carbon Skills Fund

**To: Cabinet Member for Climate Change**

**Date: 30<sup>th</sup> March 2021**

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Author:	Chief Operating Officer
Wards:	All
Parishes Affected:	All

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#### **1. Purpose and Reasons**

- 1.1 This report seeks the Cabinet Member's authorisation to spend government grant funding to install a 1.2MW battery at the Waterside site and for Heat Plan surveys to be conducted across the Council's corporate estate.
- 1.2 The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund energy efficiency and heat decarbonisation measures. The £1 billion scheme is part of the Chancellor's 'Plan for Jobs 2020' commitment to support the UK's economic recovery from COVID-19, supporting up to 30,000 skilled jobs in the low carbon and energy efficiency sectors.
- 1.3 The outcome supports Council's motion to commit to a Carbon Neutral Borough by 2030 (Council Minute 67, 23<sup>rd</sup> January 2020).

#### **2. Recommended Action to be Authorised by a Cabinet Member Under Delegated Powers**

Recommended that the Cabinet Member agrees to:

- 2.1 Authorise the Corporate Director of Finance and Assets to:
  - 2.1.1 Approve a budget of £750,000 to install a 1.2MW battery at the Waterside site,
  - 2.1.2 Approve a budget of £70k to deliver decarbonising heat plan surveys for 38 SBC owned assets.

#### **3. Detail**

- 3.1 The Public Sector Low Carbon Skills Fund (PSLCSF) provides up to £32 million of grant funding to help public sector bodies to access the Public Sector Decarbonisation Scheme (PSDS). Public Sector Low Carbon Skills funding is available for eligible public sector bodies for project development support, project delivery support and heat decarbonisation plan support.

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- 3.2 The Council has successfully secured £750k of PSDS capital grant funding to install a 1.2MW battery at Waterside. This will help utilise the full generation from Barnfield Solar farm, as well as perform grid-balancing activities that match supply and demand. In addition, the Council has also secured £70K worth of revenue grant funding to deliver decarbonising heat plan surveys for 38 SBC-owned assets.
- 3.3 A proportion of Waterside Park's power is supplied directly by an adjacent 2.5 MWp solar farm at Barnfield, which is owned by Swindon Borough Council. Currently the solar farm provides c60% of Waterside Park's onsite demand; around 1,100,000 kWh/pa of power is exported to the national grid and not used on site due to the mismatch in timings between solar generation and onsite demand.
- 3.4 Waterside Park imports c2,400,000 kWh/pa from the grid to supplement the solar generation from Barnfield. A formal grid connection has been secured and planning permission obtained for a 1.2 MWp battery storage system to be installed "behind the meter" at Waterside Park to be co-located with the solar generation.
- 3.5 It is intended that this battery will be wholly owned by SBC and will be asset managed by PPS, they will utilise their New Energy Dynamic Framework" (NEDF) to secure a construction, Operation & Maintenance provider and aggregator provider. Using their NEDF they will be able to demonstrate that SBC has received best value for money.
- 3.6 It is expected that the battery would store 40% of the solar farm's exported power for use onsite at Waterside Park ensuring a significantly larger proportion of renewable power is consumed directly. This would replace a greater proportion of electricity that would have been imported from the grid often at peak times when the carbon intensity of the grid is generally higher.
- 3.7 During winter months the battery will import grid electricity at non-peak times to supplement the solar generation where required, to reduce costs and help to relieve pressure on the national grid by not drawing power at peak times. The project is "shovel-ready" having grid connection and planning secured and can move into immediate procurement for installation and commissioning.
- 3.8 The project plan is to procure and install the battery by September 2021 and under the grant terms, the project must be operational by then. This project will deliver significant carbon and electricity savings to Swindon Borough Council and will act as an invaluable case study for behind the meter co-location of battery storage with renewables that will benefit the Public Sector and the energy efficiency market as a whole. As well as the

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direct positive environmental impact from the project itself, it is hoped that the market intelligence will have a knock-on effect in terms of future investment and jobs into similar solutions that will be a vital contribution to Net Zero in future years.

- 3.9 This work will be managed by Public Power Solutions ("PPS") on behalf of the Council. PPS has "Teckal" status with Swindon Borough Council and as a result does not need to participate in a procurement exercise for these works. In terms of the procurement for the technology and installation itself, Public Power Solutions will use its existing "New Energy Dynamic Framework" (NEDF) to ensure that best value is achieved during this project. PPS will receive a development fee for carrying out this work, which forms part of the £750k capital budget.
- 3.10 As part of the grant funding conditions for the £70k of revenue grant, Swindon Borough Council is required to produce a Heat Decarbonisation Plan ("HDP") by the end of September 2021. The purpose of a HDP is to describe how an organisation intends to replace fossil fuel reliant systems with low carbon alternatives (e.g. Heat Pumps). To meet the challenge of net zero, organisations throughout the UK need to decarbonise their buildings.
- 3.11 A HDP describes the current state of an organisation's energy use and its plans for reducing and/or decarbonising its energy use. The plan outlines what an organisation has already done, what it is currently doing, what it plans to do in the future. The plan explains what actions are going to be taken, over what timescales, and the intended outcomes.
- 3.12 SBC has identified 38 Council-owned buildings where Swindon Borough Council pays the energy bills. This project has been co-developed with PPS, using their current in-house skills and externally sourcing heat specialists to complete a decarbonisation heat plan for these buildings on behalf of the Council. Again using the Council's "Teckal" relationship and PPS' NEDF SBC will be able to demonstrate value for money on any required expenditure.
- 3.13 Each building will require a site survey and review, if any existing asset inventory is available, as well as review of existing Display Energy Certificates. This will identify opportunities to improve existing metering and the building envelope to reduce the required heating and power load.
- 3.14 Low carbon heating measures will be identified including, where appropriate, ground and air source heat pump, heat recovery, biomass boilers as well as the opportunity to

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connect to existing heat networks. Desktop analysis will also confirm if the building has the potential for onsite renewables, in particular solar PV and solar thermal as well as the potential to incorporate battery storage.

- 3.15 The objective is to deliver a comprehensive plan for energy efficiency improvements and significant carbon reduction for the benefit of future Salix grant/loan funding and if future funding is made available by SBC for non-additional opportunities.
- 3.16 A further requirement of the funding is that once the Heat Decarbonisation Plan has been completed for each building, the Council will need to set out a roadmap of implementation. This will need to state what measures the local authority realistically thinks it can implement and which measures will be reliant on future grant funding opportunities in order to progress.

#### **4. Alternative Options**

- 4.1 The Council could choose not accept this grant funding, but would lose the opportunity for the projects to be implemented without Council funding.
- 4.2 PPS has also previously presented a business case to SBC around the installation of a large battery on the Waterside site as part of a bid for £2.7m ERDF grant known as the Waterside Innovation Hub ("WIH"). In order to access this funding by the deadline of February 2021, there was a requirement for a firm business case to be in place, which for a number of reasons was not possible.
- 4.3 The battery proposal within the Waterside Innovation Hub is not compatible with the smaller battery discussed in this proposal as the combined export capacity would exceed the site requirements. The Council could therefore reject this proposal and processed with the larger battery solution as part of the WIH. However, as the business case and commercial discussions are on-going, there is a risk that the WIH project doesn't come to fruition.

#### **5. Consultation**

- 5.1 The following Opposition and Minority Group Spokespersons / Ward Members have been consulted on the recommendations of the report and their responses are also summarised below:

Councillor Milner-Barry Opposition (Labour) Group spokesperson - Approval received

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Councillor Grant Opposition (Labour) Group Leader– No Comment received

Councillor Donachie Minority (Independent Tories) Group Leader– No Comment received

#### **6. Implications, Diversity Impact Assessment and Risk Management**

##### Financial and Procurement Implications

- 6.1 SBC has been awarded £820K worth of funding for these two projects. £750K for the 1.2MW battery at Waterside and £70K for assistance to produce Heat Decarbonisation Plans for the Council's corporate Estate.
- 6.2 The 1.2 MW battery will store c. 402,000 kWh of the excess generation each year from Barnfield Solar Farm that is currently sold to the grid and this will be used instead to supply Waterside. At current energy prices and based on the existing energy requirements of the site, this would result in a net energy saving of around £15k per annum after operating costs. In addition, the battery would contribute just under £3,000 per annum in business rates.
- 6.3 Adequate contingency has been built into the £750K figure and utilising their NEDF PPS are confident that the project will comfortably remain within this budget.
- 6.4 Should energy requirements change at Waterside, the battery would be able to generate income from selling excess energy back to the grid which, dependent on timings of the supply, could generate potentially higher values although this is dependent on market costs.
- 6.5 PPS has TECKAL status as a wholly owned subsidiary of Swindon Borough Council and can therefore be awarded the work directly. The development of these projects has been conducted in partnership with PPS and any required procurement will go through their NEDF to ensure SBC receive best value.

##### Legal and Human Rights Implications

- 6.6 There are legal contracts that will accompany the grant funding to ensure that the money is only spent on the projects as described. These have been reviewed and approved internally by the legal department.

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- 6.7 Other legal and human rights implications have been taken into account in producing this Decision Note. It is considered that the recommendations are compatible with Convention Rights.

#### Climate Change Impact

- 6.8 It is expected that the 1.2 MW battery would store c. 402,000 kWh of the solar generation each year for onsite use displacing the equivalent electricity drawn from the grid, delivering carbon savings of c. 93,722 CO<sub>2</sub>e /pa (source: UK GHG conversion factors 2020).
- 6.9 The proposed Heat Decarbonisation Plans, while would not directly reduce emissions, they would provide SBC with a series of “ready to go” business cases so that when future grants and funding opportunities become available, SBC would be ready to apply early and hopefully secure further emission reductions. Further projects aiding SBC against their Net-Zero Carbon emissions target, as detailed in the Carbon Reduction Strategy.

#### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 6.10 This will further add to Swindon Borough Council’s reputation as being at the forefront of renewable technologies. Linking the Solar Farm with a large battery to maximise the generated electricity and to allow us to utilise the battery strategically to avoid purchasing peak time power.
- 6.11 The heat decarbonisation plan surveys, will help significantly with Council sustainability awareness, and the further identification of opportunities that without this funding and resource may not have previously been identified as quickly.

#### Diversity Impact Assessment

- 6.12 A Diversity Impact Assessment has been undertaken, and a copy is available from the report author. It identified no adverse or positive effects.

#### Risk Management

- 6.13 Resources for these projects lie firmly with PPS, with whom the Council will have a direct contract. The primary risk will be that if timeframes and deadlines are not met then we may be required to handback some of the funding. To offset this risk SBC will

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propose milestone payments to PPS to encourage compliance with the project timeframes.

- 6.14 Similarly, with the LCSF payment there is a deadline date of September 2021, by which time the Council must provide to Salix a fully adopted Decarbonisation Heat Plan, which has been approved by Cabinet. Again, if we miss this deadline we potentially will be required to hand some or all of the funding back.

#### **7. Consultees**

- 7.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

#### **8. Background Papers**

- 8.1 None

#### **9. Appendices**

- 9.1 None

#### **10. Declarations of Interest**

##### Opposition and Minority Group Spokespersons / Ward Members

- 10.1 Opposition spokespersons / Ward Members are reminded to consider whether they have any known interests in any of the matters referred to in this Decision Note. If such an interest exists this should be declared to the Monitoring Officer (or Senior Committee Clerk), and they should take no part in the consideration of the Decision Note and should refer the Decision Note to their Group Leader.

##### Cabinet Member(s)

- 10.2 Cabinet Members are reminded to consider whether they have any known interests in any of the matters referred to in this Decision Note. If such an interest exists this should be declared to the Monitoring Officer (or Senior Committee Clerk), and they should take no part in the consideration of the Decision Note and should refer the Decision Note to the Leader of the Council instead for consideration.

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#### **11. Sign-off**

- 11.1 The Cabinet Member is requested to respond with 5 days of the date of this report (by TO BE INSERTED BY COMMITTEE SERVICES).
- 11.2 Decisions of Cabinet Members will be published in the Members' Bulletin. The Decision must not be implemented until such time that a five-day "Call-in" period has expired. This date will be specified in the Members Bulletin. If a Decision is "called-in" it will be referred to the Scrutiny Committee for consideration. It must only be implemented if the Scrutiny Committee has raised no objection. If an objection is forthcoming the matter will be referred back to the Decision-Maker.
- 11.3 The Cabinet Member is requested to indicate one of the following responses to the Recommendations set out in Section 2 of this report.

[To be signed electronically and redacted for publication.]