

# Decision Pathway Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 25 February 2021

<b>TITLE</b>	<b>Carbon Reduction Projects</b>		
<b>Ward(s)</b>	Citywide		
<b>Author:</b> Steve Ransom	<b>Job title:</b> Head of Energy Services		
<b>Cabinet lead:</b> Cllr Kye Dudd	<b>Executive Director lead:</b> Stephen Peacock		
<b>Proposal origin:</b> <i>BCC Staff</i>			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> <i>Cabinet</i>			
<b>Purpose of Report:</b> <b>This report sets out actions to deliver key commitments within the One City Climate Strategy to:</b> <ol style="list-style-type: none"><li>1. Decarbonize heat with the council's estate and the city</li><li>2. Use grant funding to make capital investments in buildings to reduce their energy demand</li><li>3. Improve the sustainability of the council's energy supply</li></ol> <b>Cabinet is asked to</b> <ol style="list-style-type: none"><li>1. Accept UK Government grant funding applied for</li><li>2. Authorise changes to the way the council buys its energy to reduce carbon emissions</li></ol>			
<b>Evidence Base:</b> <ol style="list-style-type: none"><li>1. Bristol City Council declared a Climate Emergency in November 2018 and the Mayor published his initial Action Plan in July 2019, including a commitment for Bristol City Council to be carbon neutral for its direct emissions by 2025.</li><li>2. Bristol City Council developed and endorsed the One City Climate Strategy February 2020 committing to decarbonisation actions within its own estate and the city.</li><li>3. Bristol City Council approved its Climate &amp; Ecological Emergency Programme on 3<sup>rd</sup> November 2020 to help implement the strategy, including a key objective of the Council leading the city by example.</li><li>4. In 2020, the UK government provided £3bn of new grant funding for schemes to decarbonize public sector buildings and private homes. It is anticipated that there will be successor schemes in 2021 and beyond.</li><li>5. The Council has applied for funding under existing authorizations to decarbonize homes, council buildings, schools and other public sector buildings</li><li>6. Grant funding is for schemes that would complete before the planned appointment of a City Leap partner. Future schemes could be delivered by a partner, subject to approval.</li><li>7. The Council currently relies predominantly on natural gas and grid-supplied electricity for its heat and power. Reliance on these fossil-fuel sources needs to be substantially reduced in order to achieve the 2025 carbon neutrality target, through:<ol style="list-style-type: none"><li>i) The Council's own renewable electricity generation being redirected for use in Council buildings.</li><li>ii) The electricity supply arrangements for City Hall being optimised to make best use of battery storage, in order to reduce grid demand and supply costs.</li><li>iii) New contracting arrangements being set up to allow the Council to start to procure locally-generated zero-carbon electricity.</li></ol></li><li>8. Proposed changes to the council's heat and power supplies have been provided to City Leap bidders and are subject to approval by the City Leap board.</li></ol>			

**Cabinet Member / Officer Recommendations:****Cabinet is asked to:**

1. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Transport and Energy, the Cabinet Member for Finance Governance and Performance, the Chief Finance Officer and the Monitoring Officer, to accept:
  - i) £2.6m Green Homes Grant awarded by central government to Bristol City Council to deliver energy efficiency and renewable measures to low-income households with poor energy efficiency ratings.
  - ii) If successful, a £6.9m Public Sector Decarbonisation Scheme bid to central government to connect existing public buildings to the Redcliffe and Old Market heat networks. This will be subject to recommendation from the executive director for Growth and Regeneration in consultation with the s151 officer.

(More details of these grants are in Appendix A1)

2. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Transport and Energy, the Chief Finance Officer and the Monitoring Officer, to procure all goods, works and services necessary to deliver the projects in receipt of government grant funding.
3. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Transport and Energy and with Procurement, and noting that the City Leap Board is to be consulted on all key decisions/arrangements that may have a bearing on the City Leap tender, to procure/extend/vary the contract(s) necessary for the implementation of:
  - i. Routing zero-carbon electricity generated from the Council's own renewable energy generation to nominated Council sites.
  - ii. An electricity supply arrangement for City Hall with a tariff structure that optimises use of and income from the planned storage battery
  - iii. New contracting arrangements for Generators, which will allow pre-qualified renewable generators to enter long-term supply arrangements for nominated Council sites, and made accessible to other organisations
  - iv. Authorise the Executive Director for Growth and Regeneration to implement any subsequent extensions/variations specifically defined in the above-mentioned contract(s) being awarded, subject to the financial impact not exceeding the maximum budget envelope

(More details of proposed electricity procurement are in Appendix A2)

**Corporate Strategy alignment:** Briefly outline how this aligns to the Corporate Strategy.

1. Contribution to running Bristol on clean energy
2. Contribution to tackling fuel poverty

**City Benefits:** The approvals sought will i) reduce the council's and city's carbon footprint contributing to sustainability; ii) facilitate actions by city partners and citizens to reduce their carbon footprints; iii) deliver external funding for investment in the City

**Consultation Details:** when and where has / will this proposal be discussed? E.g. partner consultation, member consultation, scrutiny, public consultation. Add further details in appendix B if required.

1. Sustainable City and Climate Change Service Manager

**Background Documents:**

[The Mayor's Climate Emergency Action Plan](#)

[The One City Climate Strategy](#)

[The Climate & Ecological Emergency Programme](#)

[Public Sector Decarbonisation Scheme](#) (PSDS): capital grants for public sector bodies to fund energy efficiency and heat decarbonisation measures

[Public Sector Low Carbon Skills Fund](#): funding to develop and deliver projects suitable for funding through the PSDS

[Green Homes Grant Local Authority Delivery Scheme](#): funding to improve the energy efficiency of low-income households in Bristol

<b>Revenue Cost</b>	<b>£&gt;£0.5m</b>	<b>Source of Revenue Funding</b>	Energy Service Utilities Budget
<b>Capital Cost</b>	<b>£&gt;£0.5m</b>	<b>Source of Capital Funding</b>	Grant funding

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

**Recommendation 1**

Finance recommend the progression of the specified grants along the decision pathway process.

**Green Homes Grant**

This grant has received cabinet approval to bid, and the recommendation is seeking approval to accept if awarded. This is therefore following the Council's agreed governance route as specified in the decision pathway.

Overview - The grant is a consortium bid with North Somerset to install energy efficient modifications within the homes of people who meet specific income eligibility criteria, at a maximum cost of £10k a home. The total grant value is based upon the estimated cost of 250 installs across Bristol and North Somerset, plus overheads.

The full terms of the grant offer letter will be reviewed and approved by the S151 officer, as specified in the recommendation. However, the following risks and mitigations were identified at the bid stage:

**Risks:**

Timeline risk – The grant must be spent by September '21. This risk is mitigated by the following: the individual installs are small scale and the volume of installs can be flexed depending on the time available – the grant is not repayable if the full project scope is not delivered. BEIS have also indicated that if there is funding unclaimed and there are potential projects then BCC might be able to negotiate an extension.

Cost risk – BEIS state their expectation that costs should average 10k. To mitigate this risk BCC will receive quotes for work, and will reject quotes that are above this threshold, after considering estimates for contingency. BEIS have not stipulated that there is clawback if costs are greater than the 10k average, however, this will need to be reviewed in the final grant offer letter.

Non-compliance of North Somerset with cost/timeline requirements - The bid is a consortium bid, and BCC are jointly reliant on North Somerset's delivery. BCC do not have control over NS's delivery. This is mitigated by BCC pursuing an MOU with North Somerset that reflects terms with BEIS.

**Bristol Heat Network - Growth and optimisation Decarbonisation Grant**

This grant has received cabinet approval to bid, and the recommendation is seeking approval to accept if awarded. This is therefore following the Council's agreed governance route as specified in the decision pathway.

The detailed terms and conditions are yet to be defined for the grant. The council therefore need to ensure terms of grant are achievable in cost and delivery. This will be achieved through the recommended sign-off of the executive director for Growth and Regeneration in consultation with S151 officer.

**Recommendation 2**

Finance support recommendation 2 subject to satisfactory acceptance of risk in the final grant terms, as approved in recommendation 1.

**Recommendation 3**

- i. Routing zero-carbon electricity generated from the Council's own renewable energy generation to nominated Council sites.

This recommendation will allow the Council to switch from external suppliers to internal generation. There are no implementation costs, and the internal price charged will be linked to market prices. Therefore the expected impact to the revenue account is nil. Any variation to this must be contained within existing budgets. Key decisions will be reviewed by the City Leap board.

- ii. An electricity supply arrangement for City Hall with a tariff structure that optimises use of and income from the planned storage battery

The City Hall storage battery business case has previously been approved by cabinet. However, authority to enter into procurement arrangements was not sought at the time, due to the delegations of authority that existed. These have now been superseded, and the service require cabinet authority to enter into contracts to realise the business case. The current value per

annum of required supplier contracts to support City Hall is £250k, so the cumulative lifetime value of future contracts will be in excess of 500k. There will be no additional budget pressure.

- iii. New contracting arrangements for Generators, which will allow pre-qualified renewable generators to enter long-term supply arrangements for nominated Council sites, and made accessible to other organisations

The service must ensure that all costs are contained within existing budgets, and that the City Leap board approves of any arrangements.

- iv. Authorise the Executive Director for Growth and Regeneration to implement any subsequent extensions/variatio ns specifically defined in the above mentioned contract(s) being awarded, subject to the financial impact not exceeding the maximum budget envelope

Finance support the recommendation to enact the above, containing costs within existing budgets.

**Finance Business Partner:** George Palmer, Finance Business Partner, Growth and Regeneration 26/01/2021

**2. Legal Advice:** Whenever the Council is procuring goods works or services it must comply with its own internal procurement rules, and the Public Contracts Regulations (and in some instances the Utilities Regulations). Officers must, when procuring the goods/works/services referred to in the report, ensure they obtain legal advice in relation to this to ensure compliance.

Whenever the council accepts grant funding, there is a risk such funding may constitute state aid, either in the hands of the council or when passed on to any other organisation. Again, officers, when receiving or spending grant funding referred to in this report, must ensure legal advice is sought to ensure the use of such funding does not constitute unlawful state aid.

In respect of both state aid and procurement rules and we will need to monitor potential changes following the end of the Brexit transition period and assess their impact (if any) on these projects and the use of the funds.

**Legal Team Leader:** Eric Andrews, Team Leader Legal Services, 17/12/20

**3. Implications on IT:** No anticipated impact on IT Services

**IT Team Leader:** Simon Oliver, Director Digital Transformation, 29/01/21

**4. HR Advice:** Section to be completed by the HR partner **ONLY**. If there are none, this must be stated by the HR partner. Additional information can be added in **Appendix H** or **Appendix K**.

**HR Partner:** HR Partner to enter their name to confirm they have provided comments on the full and final report and the date.

<b>EDM Sign-off</b>	Stephen Peacock	<b>9<sup>th</sup> Dec 2020</b>
<b>Cabinet Member sign-off</b>	Cllr Kye Dudd	<b>14<sup>th</sup> Dec 2020</b>
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	<b>27<sup>th</sup> Jan 2021</b>

<b>Appendix A – Further essential background / detail on the proposal</b> Two Annexes provided – major projects (A1) and electricity supply contracting arrangements (A2)	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b> Equality relevance check completed and agreed by Equalities Team	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b> checklist completed and approved by Giles Lidell	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>