

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 September 2023

TITLE	Bristol City Council Corporate Estate Decarbonisation Programme		
Ward(s)	Citywide		
Author: Helen Reed	Job title: City Leap Client Function Lead		
Cabinet lead: Cllr Kye Dudd - Cabinet Member for Climate, Ecology, Energy and Waste	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: <ol style="list-style-type: none">1. To note the proposed approach to decarbonisation of the Corporate Estate, and the proposed plan to progress decarbonisation works from 2023-2025 including the allocation of funding.2. To seek approval for the allocation of up to £5,000,000 from the 23/24 Decarbonisation Fund and up to £5,000,000 from the 24/25 allocation for the purposes of a Public Sector Decarbonisation Scheme (PSDS) grant funding bid.3. To seek approval to submit a bid to the Public Sector Decarbonisation Scheme, Phase 3c (PSDS3c) and to spend any successful award.4. To seek approval for a further allocation of up to £1m from the 23/24 Decarbonisation Fund and up to £1m from the 24/25 Decarbonisation Fund for the purposes of spend to save energy efficiency projects and electric vehicle infrastructure projects.5. To seek Delegated Authority to submit applications to future grant funding opportunities related to decarbonisation measures which may arise from 2023-2025.6. To seek approval to enter into contract for 23/24 spend to save energy efficiency projects to reduce consumption and create savings on the Council's energy bills.			
Evidence Base: Background <ol style="list-style-type: none">1. Bristol City Council has set a target to be carbon neutral for our direct emissions by 2025. This is the most ambitious target of any major UK city council. It is set out in Corporate Strategy aim ENV1: Carbon Neutral, which states the council's commitment to achieve carbon neutrality for our direct emissions by 2025.2. In January 2023, the council established the City Leap partnership with Ameresco Limited to help deliver the council's net zero ambitions, by taking a strategic approach to decarbonisation across the council's estate. The primary and most urgent focus for City Leap has been in relation to the council's direct emissions having			

regard to Corporate Strategy aim ENV1.

3. Accordingly, Bristol City Leap (the City Leap joint venture company established by the Council and Ameresco “BCL”) has been tasked with developing a decarbonisation programme for the buildings owned and occupied by the council and for which the council is in control of the energy consumption (referred to as the council’s Corporate Estate. Buildings which are owned but not occupied by the council and/or in relation to which the council does not control energy consumption (namely, the council’s investment estate and schools) are excluded from this programme and are outside the scope of this cabinet report (separate programmes of work are being developed in relation to these).
4. There are several grant funding streams available to assist the council in decarbonising its estate, including the Public Sector Decarbonisation Scheme (PSDS”), which is the main scheme from central government which supports delivery of projects that decarbonise heat in the public sector.

Strategy for the Corporate Estate

5. To decarbonise the Corporate Estate requires decarbonisation of the council’s heat supply, electricity supply and its fleet of vehicles.

Heat decarbonisation

6. Decarbonising the heat supply for the Corporate Estate will require a very substantial programme of work to be carried out across a significant number of buildings over the next two and a half years in order to achieve the council’s carbon neutrality target. In recognition of this short timeframe, the strategy taken will be to target those buildings that produce the large majority of the related carbon emissions and putting in place temporary measures to address the remainder, e.g. by accessing supplies of zero carbon green gas.
7. Connection to the city's heat network will be prioritised as a main route to the decarbonisation of heating in BCC buildings. Bristol City Leap (BCL) is developing a programme of works to take place on the council’s Corporate Estate to prepare those buildings which are due to connect to the heat network for that connection. These works will include measures to reduce the council’s heat demand prior to connection to the heat network which will result in a lower initial cost to connect those buildings to the heat network whilst also reducing the cost of future heat supplied by the heat network as a result of lower demand. Details of the buildings whose proposed route to heat decarbonisation is connection to the heat network are set out in Table A of Appendix A.
8. For buildings not near to the current or planned heat network, alternative low carbon heating sources will be installed. This will take a whole building approach to ensure thermal performance of the building and distribution systems are of a sufficient standard to ensure systems operate efficiently. As the move to non-gas heating sources will increase the council’s electricity demand, it is important that a programme of works is also brought forward seeking to minimise electricity consumption on the council’s estate. Details of the buildings where alternative low carbon heating sources will be required are set out in Table A of Appendix A. The 2023-2025 programme of works set out in this report fall within this part of the decarbonisation strategy.
9. The cost of heat decarbonisation for the remaining buildings within the corporate estate is currently very high in relation to the amount of carbon saved and does not represent value for money. In order to meet the council’s 2025 target, it is currently intended that these buildings will be supplied with green gas (which is the subject of a separate report to be brought to September Cabinet). However, the council will continue to work

with BCL to identify all and any opportunities to decarbonise the heat supplied to these buildings with the eventual aim of eliminating the need for any green gas supply.

Electricity decarbonisation

10. It is intended that the decarbonisation of the electricity supplied to the Corporate Estate will be met through sleeved pooling arrangements being developed by BCL, whereby the zero carbon electricity produced by the council's own renewable energy assets, e.g. wind turbines and solar farm in Avonmouth, are supplied directly to the council through contractual arrangements with an energy supplier. Energy efficiency projects that reduce electricity consumption will still be pursued alongside this (see further details below).
11. BCL are developing proposals to increase renewable generation capacity on council buildings. The cost of capital on these projects are anticipated to be met by Ameresco, the repayment of which will be funded through power purchase agreements. These proposals will be subject to further decision making processes.

Fleet decarbonisation

12. The Council's vehicle fleet replacement strategy will require investment into additional electronic vehicle charging infrastructure. This will require investment of up to £1m from the 2023/24 and 2024/25 Decarbonisation Fund subject to subsequent decisions. Deployment in 2023/24 will be for fast chargers at five of the council's fleet depots plus a trial of home-chargers for drivers of vehicles in the council's fleet who take their vehicles home overnight (and so cannot easily use depot chargers).
13. It is requested that 100% of the cost of these works is met by the Decarbonisation Fund as, due to the lower utilisations on fleet-only infrastructure compared to public charging, there is currently no spend to save model available that utilises other sources of finance. The programme of works for 2024/25 is currently being developed by Bristol City Leap.

Selection of Properties for the 2023 – 2025 Programme

14. Following stakeholder engagement with various service areas across the council, a number of buildings that would otherwise form part of the Corporate Estate were removed from the scope of this cabinet report, due to their inclusion in the council's estate rationalisation programme. This resulted in a list of 176 buildings to which the strategy set out in this cabinet report applies.
15. BCL and the Council's Property and Sustainability teams have identified 30 buildings within the corporate estate with the highest gas carbon emissions. This list was then modified to include properties with lower carbon emissions which have upcoming capital and/or refurbishment works from 2023-2025 in order to make the most of parallel opportunities to reduce disruption and the cost of decarbonisation projects for these properties. The top 30 priority list accounts for 90% of carbon emissions related to gas consumption (76% of all carbon emissions) from the buildings which are in the scope of this cabinet report.
16. In addition to these 30 buildings, survey works have previously been carried out on a number of other council offices and libraries. As a result of those surveys, "spend to save" measures at these buildings have also been identified and are included in this report.
17. Further details of these buildings and the reason for their selection are set out in Appendix A.

2023 – 2025 Programme of Works

18. The proposed programme of works for the Corporate Estate falls into two main categories:
 - a. Major heat decarbonisation projects which alter how the energy infrastructure of a building works. These projects are not generally ones where a financial return can be made and so it is proposed that they be funded through the council’s Decarbonisation Fund, supported by any successful bids to any available grant funding schemes, including the PSDS.
 - b. Smaller projects aimed at reducing energy consumption or increasing on-site low carbon energy generation (mainly electricity). These projects are capable of generating a financial return in the form of lower electricity bills which can be used to fund the works and are known as “spend to save” energy efficiency projects. It is proposed that these projects will be funded through alternative sources, including the Council’s Salix Recycling Fund (which funds energy works paid for by energy cost savings generated), Allowable Solutions monies (financial contributions received via S106 agreements for the purpose of carbon offsetting), capital maintenance contracts and energy performance contracts (which provide for the capital for projects to be funded by the private sector, with that capital being repaid from the saved energy costs) or similar.
19. The total cost of the heat decarbonisation projects in the 2023 – 2025 programme of works is expected to be c.£30million. This is an estimate while surveys and studies are still ongoing. The full cost of the programme is expected to be met through a combination of the council’s Decarbonisation Fund (up to £14m, of which a £10m allocation is requested by this Cabinet Report)), PSDS (c. £10m subject to a successful bid) and private sector funding (c.£10m) sourced through Bristol City Leap via commercial funding models potentially including PPAs, Energy as a Service (EaaS) and Energy Performance Contracting (EPC), the terms of each of these commercial funding models to be agreed between the council and Bristol City Leap to ensure relevant projects deliver value for money for the council.
20. It is further noted that a detailed programme of projects to deliver the overall decarbonisation programme set out in this Cabinet Report will be developed between the council and Bristol City Leap, including specific funding sources for each project, and each project will be subject to the usual Project Approval Process set out in the Concession Agreement between the council and Ameresco for Bristol City Leap, which includes value for money checks. Heat network connection costs post 2025 have been factored into the cost estimates for the top 30 buildings. These are anticipated to be met by future commercial models outlined above in this paper. Any building without a delivered decarbonisation project by 2025 will be supplied with green gas until the decarbonisation project is delivered.
21. The following works to decarbonise the estate will be prioritised and will form part of any bid submitted under the PSDS:
 - a. Replacement of gas heating systems with low carbon alternatives;
 - b. Installation of thermal energy efficiency measures;
 - c. Replacement of heat distribution systems (pipework and emitters);
 - d. Any civil works required to facilitate the proper functioning of low carbon heating systems.
22. The initial opportunities for spend to save energy efficiency measures during 2023/24 are outlined in this

paper below and further detail of the anticipated return generated for the council is set out in Appendix A. Additional measures to decrease energy consumption or increase renewable generation will continue to be identified by BCL, on a spend to save energy efficiency measures basis.

23. It is intended that the programme of works will be carried out by Bristol City Leap, subject to passing relevant project approval checks including provision of value for money. Our Bristol City Leap partnership enables the Council to approach these works holistically, looking at installing measures on a whole building basis, rather than installing a limited range of measures based only on what grant funding might be available. Because Bristol City Leap are our pre-procured delivery partner, subject to projects meeting our internal approval criteria, Bristol City Leap will be able to mobilise into delivery of these projects in a timely manner, accelerating delivery for the council.

Public Sector Decarbonisation Scheme Phase 3c (PSDS3c)

24. Based on eligibility criteria from previous rounds of PSDS funding, for the next round of funding (PSDS3c) it is intended to submit a bid for up to £5 million of grant funding supported by up to £10 million of match funding from the council's Decarbonisation Fund.
25. The projects and buildings that are the subject of the bid have been chosen based on the outcomes of earlier survey works conducted by Bristol City Leap and funded through LCSF3 (a previous round of grant funding). The results of those surveys have been provided to the council and the proposed shortlist of buildings and projects discussed at the council's Property Services Working Group. Details of the buildings in which these projects will take place are set out in Table B of Appendix A.
26. The range of projects and measures themselves will be finalised after survey work being undertaken over the summer is complete.
27. This list is not final and may change depending on the eligibility criteria for PSDS3c, the success of the PSDS3c grant funding bid, the council's priorities, changes to the occupation or legal status of the asset, and/or the technical difficulties that become apparent in relation to any building following receipt of survey information.
28. Should the grant application be successful, it is expected that the award will be announced in January 2024, with funded projects commencing in March 2024.
29. In the event that BCC does not secure finance via PSDS3c, it is proposed that the council pursue a smaller 2023/24 Decarbonisation Programme up to the value of £5m and the council apply to a further PSDS grant funding round utilising the allocated £5m of the 2024/25 decarbonisation fund the following year.
30. Should alternative funding models sourced through City Leap become available, then these may be utilised for match funding instead of the council's Decarbonisation Fund.

Spend to Save Energy Efficiency Measures

31. Prior to the commencement of Bristol City Leap, the council was successful with grant funding applications to carry out surveys to identify energy saving opportunities as part of Low Carbon Skills Fund 3 (LCSF3). These surveys were carried out on council offices and library buildings.

32. The proposed package of spend to save energy efficiency works for 2023/24 has been built from these surveys by Bristol City Leap. The proposals are supported by measurement and verification of energy savings and the measures that have been chosen (details of which are set out in Table C of Appendix A) have been chosen because they demonstrate significant and demonstrable energy demand reduction for the council.
33. The capital investment required for these projects is £2.3million, which is expected to be funded through a mixture of sources, including the Salix Recycling Fund, Allowable Solutions monies (financial contributions received via S106 agreements for the purpose of carbon offsetting), existing maintenance budgets (c.£100,000) and the Decarbonisation Fund (c. £1,000,000 as set out in this report). The available Salix Recycling fund for 2023/24 totals circa £900k, with a target to commit at least £675k or 75% on eligible spend to save measures this year. The available Allowable Solutions money for this project is £300,000. The project meets the terms of the S106 agreements including time limit to spend by January 2025, and, in addition, the project has been reviewed against a range of recommended eligibility criteria (including additionality and value for money (£/tonne carbon saved). Expected energy savings across the estate as a result of these measures are estimated to be c.£200k per annum. Further detail is outlined in Appendix A.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Note the proposed approach to decarbonisation of the Corporate Estate as set out in this cabinet report, and the proposed plan to progress decarbonisation works from 2023-2025.
2. Authorises the allocation and spend of up to £5,000,000 from the 23/24 Decarbonisation Fund and up to £5,000,000 from the 24/25 Decarbonisation Fund on the programme and strategy for decarbonising the council's Corporate Estate as detailed in this report.
3. Authorises the Executive Director, Growth and Regeneration in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste, and the Director of Finance to approve a further draw down against the 2023/24 Decarbonisation Fund of up to £1,000,000 and against the 2024/25 Decarbonisation Fund of up to £1,000,000 in connection with the fleet decarbonisation programme and strategy outlined in this cabinet report.
4. Authorise the Executive Director, Growth and Regeneration, in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste, and the Director of Finance to submit a bid for up to £5,000,000 (with match funding of up to £10,000,000 provided from the Decarbonisation Fund as set out in recommendation 2) to the Public Sector Decarbonisation Scheme, Phase 3c (PSDS3c), and, in the event that the bid is successful, to accept and spend any successful award.
5. Authorise the Executive Director, Growth and Regeneration, in consultation with Director of Finance to submit applications to future grant funding opportunities related to decarbonisation measures which may arise during 2023-2025, provided that such grant funding opportunities either; (i) require no match funding or; (ii) match funding can be met through unallocated funds within the 2023/24 or 2024/25 Decarbonisation Fund and provided that if any such bid above the value of £500,000 is successful the acceptance and spend of such bid is brought back to Cabinet.

6. Authorise the Executive Director, Growth and Regeneration, in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste, and the Director of Finance to procure, agree and enter into any contracts required in connection with the matters outlined in the above recommendations.
7. Authorise the Executive Director, Growth and Regeneration, in consultation with Director of Finance to draw down on the proposed funding routes outlined in this cabinet report and agree the terms of and enter into contracts required for spend to save energy efficiency projects to reduce consumption and create savings on the Council's energy bills.

Corporate Strategy alignment:

1. Environment and sustainability: Decarbonise the city, support the recovery of nature and lead a just transition to a low-carbon future.
2. Economy and skills: Economic growth that builds inclusive and resilient communities, decarbonises the city and offers equity of opportunity.
3. Mayor's Climate Emergency Action Plan
4. One City Ecological Emergency Strategy

City Benefits:

1. Reduce the council's and city's carbon footprint contributing to sustainability
2. Support economic resilience and a green recovery in response to the economic impacts of Covid-19
3. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes
4. Support local supply chain growth and job creation in the energy sector
5. Facilitate actions by city partners and citizens to reduce their carbon footprints
6. Deliver external funding for investment in the City

Consultation Details:

1. Property Services City Leap Working Group
2. Internal stakeholders who operate services from identified properties: Cemeteries & Crematoria, Culture, Adult Social Care, Adult Care Commissioning, Children's Commissioning, Libraries, Housing Supply, Education.
3. Forms part of the Bristol City Leap Joint Venture Company's remit of work as set out by the City Leap Concession Agreement.
4. Chief Finance Officer, Finance Business Partner, Executive Director for Growth & Regeneration, Cabinet Member for Climate, Ecology, Energy and Waste and Designated Deputy Mayor with responsibility for Finance, Governance and Performance as part of the exceptional approval process in order to seek approval to submit, noted in the Finance report of June Cabinet.
5. The council's Strategic Climate and Environmental Emergency Board

Background Documents:

1. Mayor's Climate Emergency Action Plan Update: [CEEP Appendix A1 - Update On Mayors Climate Action Plan Final.pdf \(bristol.gov.uk\)](#)
2. Decision Pathway – Report, Cabinet Approval, Establishing the City Leap Energy Partnership: [2022 12 06 Establishing the City Leap Energy Partnership - Cabinet Report - FINAL.pdf \(bristol.gov.uk\)](#)
3. One City Plan (third iteration): [One City Plan 2021 \(bristolonecity.com\)](#)
4. BCC Corporate Strategy, 2022-27: [Corporate Strategy 2022-27 \(bristol.gov.uk\)](#)

5. Decision Pathway
6. [Public Sector Decarbonisation Scheme - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
7. Decision Pathway for Sleeved Pool Electricity Supply, February 2021 - [ModernGov - bristol.gov.uk](http://bristol.gov.uk)

Revenue Cost	N/A	Source of Revenue Funding	N/A
Capital Cost	£12,000,000	Source of Capital Funding	Grant and Decarbonisation Fund
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal	Income generation proposal <input type="checkbox"/>

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

1. Finance Advice:

The report has proposed an approach to decarbonise BCC’s Corporate Estate and has developed a decarbonisation programme in consultant with our City Leap partner and the Council’s Property and Sustainability Team. The review has identified over 200 buildings which have been prioritised into a list of top 30 buildings according to their emissions. The total cost of the programme to decarbonise the top 30 buildings is estimated at around £30m.

The report is seeking approval for a total of £17m funding. £12m from BCC Capital Decarbonisation Funding over two years (23/24 and 24/25) and a bid for grant funding of £5m.

To start the programme of works identified in Appendix A, the report is requesting approval for the use of £12m BCC Capital Decarbonisation Fund (£6m from 23/24 and £6m from 24/25 funds). Seventeen million pounds (£17m) of funds are in the capital programme under programme CP05 (*cost centre P14547-1108*) earmarked for decarbonisation programmes over the next three years. There is also a need to seek other funding sources and “spend to save” opportunities – including grant bids, Salix recycling fund, existing maintenance budgets, energy performance contracting and leveraging financial support from our City Leap partner.

To assist with the capital expenditure outlined in Appendix A, the report is seeking approval to submit a bid of £5m to the Public Sector Decarbonisation Scheme, Phase 3c (PSDS3c), using BCC capital funding mentioned above as match funding; to spend any successful award and apply for future bid opportunities as they arise. The bids will need to follow the Council’s Grant Bid Protocols and if above £0.5m the Decision Pathway route with a report to Cabinet before any bid is submitted, accepted, and spent.

To allow the approval of funds the schemes and projects must follow the Decarbonisation Funding Principles for Investment. This sets out key principles for accessing the Decarbonisation funds, including, individual project proposals must demonstrate impact on net zero targets; where a positive Net present value (NPV) or future income streams exists for a project, borrowing must be repaid to enable the fund to be recycled and a robust business case, which clearly demonstrates both the decarbonisation impact and financial implications of the investment.

Financial assessment and validation of the individual decarbonation project plans and bids for external grant funding, such as the PSDS3c bid, needs to be submitted to BCC Finance once survey work is finalised, costings have been confirmed and before applying and implementing funds, to demonstrate good value for money (VFM). They will be subject to meeting internal approval criteria and the Decarbonisation Funding Principles.

The programme of works will be delivered by the council's City Leap partner. The partner will have to follow the terms of the grant funding agreement and manage the timescales to ensure projects are completed and deadlines are met. Any cost overrun will need to be met by the partner. This risk is considered extremely low but will be mitigated by closely monitoring the delivery of the plans in line with the grant funding terms and conditions.

The Energy Service and City Leap partner have good experience of bidding for grant funding, however, there is a small risk that the grant bid is unsuccessful and if other funding sources are limited, the programme of projects would need to be reviewed and scaled back until suitable funds are identified.

The report concentrates on the decarbonisation of BCC Corporate Estate but also identifies that further work and Cabinet reports will be required to address the Council's fleet replacement strategy will require investment into additional electronic vehicle charging infrastructure. This will require investment of up to £1m from the 23/24 and 24/25 Decarbonisation Fund subject to subsequent decisions and following the Decarbonisation Funding Principles for Investment.

Note, that there is an additional report linked to this one that deals with those buildings requiring green gas to support the lowering their emissions.

The report does not identify any City Leap Partner funding at this stage, commercial models are being explored, which if viable would reduce the requirement to draw against the decarbonisation funding required and further improve the value for money of the projects further for the council. Options to fund in this way are one of the key objectives of the partnership - to leverage in funding to help the council meet its Net zero target – therefore these options should be fully explored for each project and will impact the financial validation and assessment of projects.

This proposal aligns substantially all of the decarbonisation funding available within the capital programme in the 2 financial years 23/24 & 24/25, which leaves limited scope to align funding to alternative decarbonisation projects across the wider council in those years, unless partnership funding is forthcoming to reduce the proportion of direct Council contribution.

From the list of properties identified, there are buildings that have benefited from recent Council/WECA investment (I.e. Hawkfield) and have introduced major energy efficient infrastructure and as a result should be of lower priority else the Council missed an opportunity at the time to address such issues.

The current proposed appears to still leave us with buildings that still have significant CO2 emissions as well as payback years that run into double digits. It is important that we assess the possibility of disposing some of such buildings rather than spending significant sums for little benefit. The estimated savings from each building should be shown alongside the required investment.

The contingency allowed for each building, given the fact that there are still further assessments to be carried out, is inadequate and should be revised upwards.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, 12 July 2023. Sarah Chodkiewicz, Head of Financial Management Deputy S151 Officer, 23 August 2023

2. Legal Advice:

Whenever the council procures goods, works or services where the value is above certain thresholds, it must comply

with its own procurement rules and/or the Public Contracts Regulations 2015 or Concession Contracts Regulations. The City Leap partnership was procured in compliance with the Concession Contract Regulations 2016, so provided any works/services required to carry out the Corporate Estate decarbonisation programmes outlined in this report fall under the scope of this procurement, this should be an acceptable route.

Legal Team Leader: Sinead Willis, Team Leader, comments relate to report provided on 11 July 2023.

3. Implications on IT: I can see no implications on IT in regard to this activity.

IT Team Leader: Alex Simpson, Lead Enterprise Architect 9 August 2023

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 24 July 2023

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	26 July 2023
Cabinet Member sign-off	Cllr Kye Dudd - Cabinet Member for Climate, Ecology, Energy and Waste	10 July 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	7 Aug 2023

Appendix A – Further essential background / detail on the proposal LCSF 4 Property List	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO