

Decarbonisation of the Kent Innovation Centre

Overview and Scrutiny Panel:	25 May 2021
Report Author	Dr Hannah Scott (Climate Change Officer)
Portfolio Holder	Cllr Ruth Duckworth Cabinet Member for Estates and Economic Development
Status	For Decision
Classification:	Unrestricted
Key Decision	Yes
Reasons for Key	Expenditure

Ward: St Peters Ward

Executive Summary:

TDC called a climate emergency in 2019 and pledged to become net carbon zero by 2030. This means that we need to halt our reliance on natural gas as soon as possible and switch to using electricity sourced from renewable means.

An audit of the gas bills in TDC owned buildings showed that the Kent Innovation Centre (KIC) has a high gas use. Given that it is a relatively new building, and given its name, it was decided that it would make a fitting building to decarbonise, creating the first low carbon TDC building.

A Low Carbon Skills Fund was used to contract renewable energy consultants to analyse the building and an application to the Public Sector Decarbonisation Fund was made.

The Council has now been awarded £1.1m from this fund to install insulation and replace ageing gas boilers with air source heat pumps. Solar electricity panels will also be installed on the roof and LED lighting fitted throughout.

These actions will decarbonise the heating supply, increase energy efficiency and contribute to the council's aim of becoming carbon neutral by 2030.

The addition of the funding to the Council's Capital Programme was approved via a Cabinet Portfolio Holder Decision on 6th April 2021, Cabinet approval is now sought to approve the spending of the £1.1m at the KIC.

Recommendation(s):

The Overview and Scrutiny Panel is being asked to comment on the proposals to be forwarded to Cabinet.

Corporate Implications

Financial and Value for Money

The Council has received £1.1m of external funding, from the Department of Business, Energy and Industrial Strategy (BEIS) for the decarbonisation of the Council's property estate. The addition of this scheme to the Council's Capital Programme was approved via a Cabinet Portfolio Holder Decision on 6th April 2021. In accordance with the Council's Key Decision Framework, Cabinet approval is now required to authorise incurring expenditure in excess of £250,000 and entering a contractual commitment in excess of £750,000.

Cabinet should consider that the proposed works to decarbonise the KIC are being wholly met from external funding. This work is required to decarbonise the energy supply of the building and should this decision not be approved it would be necessary to return the funding to BEIS and identify an alternative funding source.

BIES have stipulated in their monitoring requirements that the following scenarios need to be reported to Government within 3 working days should they arise

- Changes in cost in excess of 10%
- Changes in scope (technologies)
- Delayed in excess of 3 months

There is no indication that funding would be withdrawn in this instance, albeit a risk with low likelihood of manifesting it is still a risk that Cabinet should consider. Furthermore, these reporting requirements imply that delays upto 3 months are acceptable as there is no monitoring process required to report such delays; the current project plan indicates that the project will be completed within 3 months of the September deadline.

A full risk assessment of the project has been undertaken and all risks are being managed within acceptable levels.

Legal

The legal team will oversee the procurement and letting of the relevant contracts. All procurement will be carried out in accordance with the Council's Contract Standing Orders.

Corporate

This project is the first step in decarbonising TDC's estates, aligning with the pledge to become carbon neutral by 2030.

It will include the addition of roof insulation and seals around the windows, decreasing drafts and improving warmth throughout the building, which will benefit those working in the space. The installation of solar pv, heat pumps and LED lighting will reduce the greenhouse gas emissions from the building's heating and power supply and will contribute positively to the climate emergency.

Done well, the project will draw interest from other businesses and could be used to inspire local people and businesses to decarbonise their assets.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

A Equality Impact Assessment test for relevance was carried out, supported by the KIC Building Centre Manager. A number of aspects were considered, including the disproportionate effect of climate change on the vulnerable and the impact of the works on those with protected characteristics either working or visiting the building. This showed that the project did not require a full EIA.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*

1.0 Introduction and Background

- 1.1 TDC called a climate emergency in 2019 and pledged to become net carbon zero by 2030. TDC needs to aim to decarbonise all estates and activities over the next ten years, which in general means that most activities need to be powered by electricity sourced by renewable means.
- 1.2 A large proportion of TDC's total greenhouse gas emissions come from the gas central heating of the owned buildings. The decoupling of the heating supply from fossil fuels is complicated and expensive and so external funding was sought.
- 1.3 The Public Sector Decarbonisation Grant Scheme was released in October 2020 and offered £1bn of grant funding to enable the decarbonisation of public building's heating supply.
- 1.4 The initial skills fund was applied for and won with the support of the Finance Manager. This enabled the Kent Innovation Centre to be analysed for renewable energy solutions by local experts Square Gain by late December.
- 1.5 A £1.1 million bid was submitted to the PSDF on January 11th 2021 by the Climate Change Officer, the Interim Director of Property Asset Management, the Director of the Environment as the Authorising Officer and signed off by the Director of Finance and Deputy Section 151 officer.

2.0 The Current Situation

- 2.1 In January we were told that the PSDF was oversubscribed, however there was an option to receive the money through a section 31 grant agreement with BEIS. Also, another bid which included £28k for an internal project manager was closed, and so had to be incorporated within the £1.1 million bid.
- 2.2 It was agreed that we would accept the funding through section 31 and incorporate the project managers fees within the main bid at the end of March. This did not leave enough time to bring this report to the April cabinet meeting.
- 2.3 The bid was successful and will fund
 - New roof insulation and preparation of the roof for solar pv.

- New window seal insulation
- Replacement of gas boilers with air source heat pumps
- New larger radiators
- A heat exchange unit in the roof

These installations will provide a completely electric heating supply. In order to reach carbon neutral, it is important to electrify as many aspects of our society. This is because we can source electricity through renewable means e.g. solar pv or wind energy.

The fund will also cover:

- New solar pv on the roof
- Battery bank
- New upgrade of the electricity supply
- LED lighting

These aspects will provide renewable energy to the heat pumps and decrease. Any savings on the energy bills will be estimated when the brief is finalised and then can be monitored over the initial years of project.

2.4 As TDC pays the bills at the KIC, the savings would be recouped directly. This is in fact a stipulation of the fund - that the savings are directed to the public purse. The rooms and floors are leased out however the fees are a set cost and would not decrease due to the change in energy provision, ensuring that all savings are fully returned. The leaseholders gain a benefit through improved insulation and warmth and a future looking building.

3.0 Recommendations to Cabinet

Cabinet is being asked:

1. To approve expenditure of £1.1m to be incurred at the KIC for the decarbonisation of the site;
2. To give delegated authority to the Director of Property Asset Management to negotiate and agree the contract documents; and
3. To give delegated authority to the Director of Law and Democracy, in consultation with the Director of Property Asset Management, to sign the contract documents and any other necessary documents to give effect to this decision.

4.0 Options –

- 4.1 - *Approve the expenditure of £1.1 million public sector decarbonisation fund to decarbonise the KIC as per the recommendations above.*
- *Do not approve the expenditure of £1.1 million public sector decarbonisation fund to decarbonise the KIC and return the external funding to central government*

Contact Officer: *Dr Hannah Scott (Climate Change Officer)*

Reporting to: *Jasmin Vickers (Secondment - Director of Environment)*

Annex List

Annex 1: EIA Test of relevance

Annex 2: KIC Energy Assessment

Background Papers

Corporate Consultation

Finance: *Chris Blundell (Director of Finance)*

Legal: *Estelle Culligan (Director of Law and Democracy)*

**THANET DISTRICT COUNCIL
RECORD OF DECISION OF CABINET / INDIVIDUAL CABINET
MEMBER**

(Delete the inapplicable)

Name of Cabinet Member:

Relevant Portfolio:

Date of Decision:

Subject:

Key Decision: Yes/No

In the Forward Plan: Yes/No

Brief summary of matter:

(Enter text here)

Decision made:

(Enter text here)

Reasons for decision:

(Enter text here)

Alternatives considered and why rejected:

(Enter text here)

Details of any conflict of interest declared by any executive Member who has been consulted and of any dispensation granted by the Standards Committee:

(Enter text here)

Author and date of officer report:

(Enter text here)

Background papers:

(Enter text here)

Statement if decision is an urgent one and therefore not subject to call-in:

(Enter text here)

Signature:

(Only needed if an individual Cabinet Member Decision - Delete when completing template)