



WEST OXFORDSHIRE  
DISTRICT COUNCIL

**WEST OXFORDSHIRE DISTRICT COUNCIL**

Name and date of Committee	<b>CHIEF EXECUTIVE URGENT DECISION</b>
Subject	<b>DECARBONISATION OF CARTERTON LEISURE CENTRE</b>
Wards affected	Carterton North East, Carterton North West, Carterton South
Accountable member	Cllr Andrew Prosser, Cabinet Member for Climate Change Email: <a href="mailto:andrew.prosser@westoxon.gov.uk">andrew.prosser@westoxon.gov.uk</a>
Accountable officer	Claire Locke, Assistant Director - Property and Regeneration Tel: 01285 623427 Email: <a href="mailto:claire.locke@publicagroup.uk">claire.locke@publicagroup.uk</a>
Summary/Purpose	To seek agreement to enter into a contract with Kier to produce an Investment Grade Proposal (IGP) for the decarbonisation of Carterton Leisure Centre.
Annexes	None
Recommendation(s)	That the Chief Executive Resolves that:  (a) the Council enters into contract with Kier for the development of an Investment Grade Proposal for sustainable low carbon heating and energy generation systems at Carterton leisure centre at a cost of £243,000 funded from the Public Sector Decarbonisation Scheme funding of £1.6M awarded to the Council.
Corporate priorities	<ul style="list-style-type: none"><li>• Responding to the Climate Crisis</li></ul>
Key Decision	YES
Exempt	NO
Consultees:	

Cllr Andrew Prosser Cabinet Member for Climate Change

Yes, happy to proceed, as these costs can be covered by the grant funding.

Cllr Dan Levy - Cabinet Member for Finance

I too am happy for us to proceed.

Decision by Chief Executive

I agree the recommendation. I have taken this decision using my delegated power to take urgent decisions. The Chair of the Council was consulted on waiving call in given the need to complete the contract urgently and has agreed that. Decision taken 15/4/23.

## I. BACKGROUND

- 1.1. PSDS is the public sector decarbonisation scheme that provides grants to help fund the conversion from gas powered systems to more sustainable options like solar power and air source heat pumps.
- 1.2. The Council has identified that an Investment Grade Proposal (IGP), would be required to fully understand the requirements of decarbonising the leisure centre. If the Council decided to proceed with or without grant funding, this advanced design proposal would still be required. A design and build contract was procured via a Framework and the Council has been working with Kier and their sub-contractor Hydrock in preparing detailed modelling of the available options for replacement heating systems. The options considered were for space heating, swimming pool heating and hot water with the addition of Solar PV and battery storage to reduce the reliance on electricity from the grid.
- 1.3. On 18th January 2023 Cabinet agreed (Minute 113 Refers) to delegate the decision to proceed with an IGP and to accept the PSDS grant funding to the Chief Executive in consultation with the Executive Members for Finance and Climate Change.
- 1.4. On 15th February 2023 following a thorough analysis of the data produced by consultants Hydocks the delegated decision was taken to proceed with the IGP and to accept the grant funding. A key consideration was that the grant would cover the cost of the IGP as long as the Council proceeded in good faith, even if the scheme subsequently proved to be unviable. This decision was published on the Councils website on 16th February (Officer Decision - Option Appraisal and Funding agreement for heating systems and decarbonisation measures at Carterton Leisure Centre). The decision was based on two further gateway points being in place which would determine whether the Council proceeds with the installation, those being agreement with the leisure provider GLL and the results of the IGP indicating the proposal was affordable.
- 1.5. A brief for the IGP was produced and a fee proposal has now been received by the Council. Initially in excess of £250,000, this sum has now reduced slightly to £243,000 following some negotiation.
- 1.6. In late April the lead Members for this project, the Executive member for Finance and the Executive Member for Climate Change, as well as the Chief Executive, Deputy Chief Executive and Chief Finance Officer and the Executive Director for Finance were consulted on the proposal, costs and appointment of Kier to proceed with the IGP.
- 1.7. That consultation set out that the original estimate and grant allocation for the IGP was £79,000 based on estimates from consultants Pick Everard. This was reported in the January 2023 Cabinet Report and subsequent Delegated Decision in February 2023. However since then the decision had been made on the specific heat pump option, additional elements including carport Solar PV, battery storage & Building Energy Mgt System had been added and inflation will have seen costs rise. Kier clarified that the proposed IGP would include the Planning application, taking the project to the point at which construction could actually be commissioned (subject to Gateway decision). Whilst some elements could theoretically be

delayed, doing so would seriously impact project delivery i.e. if IGP was completed first, then a decision to proceed was made and then a planning application was submitted, the project could not be delivered within the deadline of March 2025. The same applies to the Distribution Network Operator (SSE) approval process and fees. Therefore there is a far more comprehensive design and preparation stage included in this 'IGP' stage than was originally envisaged by Pick Everard.

- 1.8. Clarification was sought from the grant administrator, Salix that they would cover the increased IGP cost of £243,000. The following was received:

*“You will not have to pay back grant funding if the project abandons provided that those funds are eligible as permitted spend.*

*To be eligible for permitted spend, you must be able to provide evidence to satisfy the following statements:*

- Was the spend committed to in good faith by the recipient, in the expectation at the time, that their project would deliver in line with the grant requirements?*
- Did the decision to commit to the spend take reasonable account of the risks and issues that could affect completion in line with the grant requirements?*
- Was the spend by the recipient in line with grant rules?*

*I think that the key evidence for permitted spend eligibility in this case would be an up-to-date risk register, including the risks mentioned in your email and mitigating actions being taken.*

*If I understand correctly the biggest hurdle is in having your leisure provider approve the business case. Reducing the scope of your energy efficiency measures in response to increased costs is not really an option considering the effect on your leisure providers future electricity bills.*

*If we are kept updated through this process and documentation justifying these risks to the council are shared with us, then we can be reasonably confident in eligibility for permitted spend.”*

- 1.9. The Project Board considers that commissioning the IGP based on the above costs is the best approach and reduces time lag risks which would come from delaying certain elements. The Project Board is confident that it meets Salix's criteria above and therefore they will fund these costs in full, even if the project ceases at a later date.
- 1.10. The Project Lead members comments are set out under 'Consultees' above. All consultees were in agreement that the Council should proceed and this was endorsed at a meeting of the PSDS Project Board on 2nd May 2023.
- 1.11. The Council's legal team have now reviewed the contract documents and the contract needs to be formally signed by the Council on 12th May to enable the Contract to commence on 15th May. The IGP will be completed no later than 31st October 2023.

## **FINANCIAL IMPLICATIONS**

2.1 The IGP cost is £243,000. Whilst an IGP was initially estimated at £79,000, the increased cost still results in no net cost to the Council at this stage. The primary impact on the Council is that all this cost will need to come out of the £1.6M grant pot and therefore there will be a lesser amount for the actual installation. However, this will be part of the decision making process at the Gateway point, when the Council considers the viability and affordability of the scheme.

2.2 The published delegated decision report in February set out the estimated costs of the decarbonisation project, identified the likely Council funding required and the estimated revenue implications.

## **2.3 LEGAL IMPLICATIONS**

3.1 The Council is not legally required to decarbonise its buildings but must ensure suitable heating systems are in place for tenants (GLL) and leisure centre users.

3.2 Save from the above, there are no other legal implications arising directly from this Report.

## **RISK ASSESSMENT**

4.1 There is a risk that Salix do not fund the IGP however assurance has been sought and the Project Board considers that it meets the requirements to ensure this work is fully funded.

## **EQUALITIES IMPACT**

5.1 None.

## **CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

6.1 None specific to this report. Climate benefits are covered in the February delegated decision report.

## **ALTERNATIVE OPTIONS**

7.1 The Council could decide not to proceed with the IGP and to inform Salix it no longer wishes to proceed with the PSDS grant.

## **BACKGROUND PAPERS**

None

(END)