



## Officer Decision Record – Key Decision

Key decisions taken by an officer are subject to the 5 day call in period from circulation to Members, and therefore the decision will be released for implementation following the call-in period and no call in being received

### 1. Cabinet date and copy resolution this key decision relates to

17/02/2021, Public Sector Decarbonisation Grant funding for energy improvements to Local Authority assets. Decision to: -- -

Authorise the Executive Director for Environment, Economy and Resources in consultation with The Leader of the Council to accept the grant funding in principle on behalf of the Council.

Delegate to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council, the authority to accept the final grant offer and deal with all matters arising from and ancillary to the above including negotiation with the funder, implementation and award of resultant contracts and works.

Delegates to the Assistant Director Law, Governance and Assets the responsibility to execute all documentation arising.

### 2. Subject and details of the matter (to include reasons for the decision)

Grant funding of around £2.9 million pounds from the Department for Business, Energy and Industrial Strategy (BEIS) as managed by Salix, was accepted by NELC in February 2021. The purpose of the funding was to improve energy efficiency in NELC owned non-domestic buildings and one school Beacon Academy. This included design, engineering, construction and project management cost. All works

funded by this grant opportunity required completion by 30<sup>th</sup> June 2022 and were subject to a maximum spend per tonne carbon saved.

A number of challenges were experienced during the project. Firstly the project experienced significant cost increases of equipment and contractors due to inflationary pressures and competitive green energy installation market. Secondly, Department of Education made an announcement in July 2021 indicating funding for a partial rebuild of Beacon Academy. This prevented the planned installation of a ground source heat pump on the Beacon Academy site due to risk of interference on future building project. Alternative provision of a movable air source heat pump was explored, but would not comply with the cost per pound grant criteria without significant match funding. As Beacon Academy is not a Council operated school, consultation took place with the academy provider, who confirmed that raising the required match funding was not appropriate at this time. Further explorations of alternative energy projects within the Council Estate was conducted, but no achievable alternatives were found within the required grant time scales.

### 3. Decision being taken

To authorise the Executive Director for Environment, Economy and Resources to provide a part grant completion certificate to Salix confirming a final project spend of £1,719,588.70 out of the awarded grant money of £2,974,324.00. This represents completion of all part of the grant application apart from the Beacon Academy Ground Source Heat Pump.

For the Executive Director for Environment, Economy and Resources to return the unspent grant amount to Salix as per grant conditions.

### 4. Is it an Urgent Decision? If yes, specify the reasons for urgency. Urgent decisions will require sign off by the relevant scrutiny chair(s) as not subject to call in.

No

### 5. Anticipated outcome(s)/benefits

Completed energy efficiencies to several Council sites will contribute to the Councils Local Climate Ambitions and also deliver a saving to energy cost for heating the building.

**6. Details of any alternative options considered and rejected by the officer when making the decision** (this should be similar to original cabinet decision)

**Option One:** Proceed with installation of a ground source heat pump at Beacon Academy as per original grant award. Ground source heat pump required significant ground space to be allocated for pipe work. This would restrict options for a future rebuild of the school site following Department of Education announcement.

**Option Two:** Installation of an air source heat pump at the Beacon Academy site. This was fully explored including design and procurement. The cost of the installation compared to the tonnes of carbon saved were significantly higher than the grant criteria of £500/tonne carbon. Advice gained from Salix that the grant funding could not proceed without Academy agreement of around 40% match funding. This was explored with the Academy and not felt to be a financially achievable solution.

**Option Three:** Transferal of grant funding to a different project. This was explored but not possible due to the required grant completion date.

**Option Four (recommended):** Completion of all achievable projects and return grant funding received relation to the Beacon Academy ground source heat pump.

**7. Background documents considered** (web links to be included and copies of documents provided for publishing)

Cabinet Report

<https://democracy.nelincs.gov.uk/wp-content/uploads/2021/02/5.-Public-Sector-Decarbonisation-Grant-funding-for-Energy-Improvements-to-Local-Authority-assets.pdf>

[4.-Schools-Capital-Programme.pdf \(nelincs.gov.uk\)](#)

**8. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons**

No

**9. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)**

None

**10. Monitoring Officer Comments (Monitoring Officer or nominee)**

Whilst defrayment of funds is consistent with the will of Cabinet, the return of unspent funds will be a requirement of grant conditions. Officers should ensure compliance with all certifications and return provisions within the funding agreement.

Legal Services can assist if necessary.

**11. Section 151 Officer Comments (Deputy S151 Officer or nominee)**

The grant due to be repaid is set aside and can be returned in accordance with the respective grant conditions with no additional requirement from Council resources.

**12. Human Resource Comments (Head of People and Culture or nominee)**

There are no HR implications

**13. Risk Assessment (in accordance with the Report Writing Guide)**

The decision to not install a heat pump at Beacon Academy has in the short term a potential to negatively impact on the Council's reputation of delivering carbon reductions. This needs to be contrasted with the likely reputational damage if the Council took a decision to install this expensive equipment and then remove it again in a few years' time to allow construction of new school buildings. A communication plan is in place to manage any reputational risk.

**14. Has the Cabinet Tracker been updated with details of this decision?**

Yes

**15. Decision Maker(s):**

Name: Sharon Wroot

Title: Executive Director for  
Environment, Economy and  
Resources

Signed: REDACTED

Dated: 22<sup>nd</sup> September 2022

**16. Consultation carried out with  
Portfolio Holder(s):**

Name: Cllr Phillip Jackson

Title: Leader and Portfolio Holder for  
Economy, Net Zero, Skills and  
Housing

Signed: REDACTED

Dated: 23<sup>rd</sup> September 2022

**17. If the decision is urgent then  
consultation should be carried out  
with the relevant Scrutiny  
Chair/Mayor/Deputy Mayor**

Name:

Title:

Signed:

Dated:

Key Decisions are defined in the Constitution as:

A decision (whether taken collectively or individually by members) which is likely:

- (i) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards.

A decision will be considered financially significant if:

- (i) in the case of revenue expenditure, it results in the incurring of expenditure or making savings of £350,000 or greater;
- (ii) in the case of capital expenditure, the capital expenditure/savings are in excess of £350,000 or 20% of the total project cost, whichever is the greater

In determining whether a decision is significant in terms of its effect on an area comprising two or more wards, consideration shall be given to:

- (i) the number of residents/service users that will be affected in the wards concerned;
- (ii) the likely views of those affected (i.e. is the decision likely to result in substantial public interest)
- (iii) whether the decision may incur a significant social, economic or environmental risk.