

Report of	Meeting	Date
Director (Planning and Development) (Introduced by Executive Member (Resources))	Council	19 th April 2022

Decarbonisation of the Town Hall

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. To outline the work required to reduce the carbon footprint of the Town Hall and seek approval to commence the works, which are estimated to cost £1,590,085. Funding has been secured from Public Sector Decarbonisation Scheme to the value of £285,290 and therefore the Council are required to allocate match funding of £1,304,975 to enable the project to commence, beginning with the appointment of consultants.

Recommendations to Council

2. Council approve a capital budget of £1,590,085 funded by £285,290 grant and £1,304,975 of borrowing to finance the works to decarbonise the Town Hall and reduce the footprint of the building by 58%.
3. The works are procured in conjunction with the Accommodation project at the Town Hall that forms part of the previously approved Workplace Strategy.

Reasons for recommendations

4. The Council declared a Climate Emergency in 2019 and has set an ambitious target for Chorley to be net zero carbon by 2030. The recommendations made by the Overview and Scrutiny Task Group for the Green Agenda included actions to reduce the carbon footprint of the Council's assets and these are also proposed as part of the draft Climate Change Strategy. The Town Hall is the first of these assets to have a detailed assessment and proposal for decarbonisation, with others to follow in coming months and years.
5. PSDS3 grant funding is conditional on the completion of all decarbonisations works by end March 2023. With grant funds released 1st April 2022, all works must be completed and reported by 31st March 2023. Failure to comply could result in money being withheld from the grant or returned.

6. The financial contribution of the Council needs to be agreed. Accepting and revoking an acceptance at a later date will impede the Council's success in later PSDS applications.

Other options considered and rejected

7. To not undertake works to reduce the carbon footprint and maintain the building with inefficient heating, lighting, and insulation fabric.
8. This has been rejected as it does not accord with the Council's ambition for Chorley to become net zero by 2030.

Corporate priorities

9. The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all	A strong local economy
Clean, safe, and healthy communities	An ambitious council that does more to meet the needs of residents and the local area

Background to the report

10. The decarbonisation of Council assets is a joint project managed across a number of teams including Spatial Planning (Climate Change), Commercial Services (Property and Assets) and Policy and Governance (Transformation).
11. SMT agreed to the necessity of combining the proposed decarbonisation work to coincide with the Accommodation Project of the Town Hall. Informed by a carbon assessment undertaken by Twelve Trees Consultancy (Appendix three) and a costing schedule developed in conjunction with the consultants and in-house officers from the Commercial Services Directorate, a bid was submitted to Salix/PSDG for public sector decarbonisation funding for works to the Town Hall (Appendix One) and a grant offer made to the Council of £285,290 which was accepted on 9th March 2022.
12. The total costs of the works are £1,590,085, with a grant to the value of £285,290 secured, Chorley Council are required to commit £1,304,975 to the project.
13. A decision is required as to whether the Council will commit to the decarbonisation work and associated costs of £1,304,795.

Scope of the Town Hall Decarbonisation project

14. The boiler will be replaced with an Air Source Heat Pump which will be fitted on the roof of the building and provide sustainable and renewable heat. The existing boiler and heating system within the Town Hall have reached their end of life, with Asset Management colleagues stating explicitly that it will not survive another winter of high use and will need to be replaced imminently.

15. A number of works already within the Accommodation Project which will marginally improve the energy efficiency of the building which include:
 - LED fixtures throughout the building
 - Final window installation to double glazing
 - Heating controls and metering
16. This work accelerates a previous decision to upgrade the windows and lighting on a rolling programme over time. Integrating the work into the proposed programme will reduce building downtime as it will be completed during the closure period.
17. In order to efficiently insulate the building and ensure that the heat from the Air Source Heat Pump is retained there will need to be a series of insulation measures:
 - Pipework improvements
 - Internal and external pipework insulation
 - Loft insulation
 - Draught proofing
18. The total cost of work of all the above is £1,382,983.
19. This decarbonisation work will lower the carbon footprint of the town hall by at least **58%** from 100,522.48 kg CO₂e to 58,522.48 kg CO₂e. This is a significant reduction which will contribute to the achievement of the commitment to reducing the footprint of the council.
20. With increased use of the Town Hall expected after the Accommodation Project process has been completed the percentage saving will likely be higher than 58%.
21. Due to the grant funding conditions the start and end dates of the decarbonisation project are time limited.
22. The initial spend on the decarbonisation works is estimated to achieve an 80% reduction in gas usage, with associated cost, carbon, and local air quality benefits. Switching to LED lighting is estimated to achieve around a 16% reduction in electricity usage, this will offset a large proportion of the increased energy demand from the operation of an air source heat pump.
23. The payback time of the air source heat pump and associated works for the grant component will be 30 years. This payback time estimate does not take into account the cost of works which would have been carried out in any case as a part of the accommodation programme (heating replacement, building management, upgraded windows, lighting etc.), or the positive impacts of a more pleasant working environment and having a net-zero flagship asset for Chorley.
24. Completing the decarbonisation work in conjunction with the other works within the Accommodation Project will allow for a number of works to be completed by the same businesses, such as design work, project management and building work. It has been estimated completing the decarbonisation work in conjunction will save £150,000.
25. To expedite the works and ensure successful delivery, a phased approach is planned with the decarbonisation works commencing prior to the wider Town Hall accommodation project. This will minimise disruption, allow enabling works to be undertaken and reduce the risk of replication.

26. To begin the decarbonisation project and remain on track, funds will need to be released to initiate the first phase which will be the procurement of consultants to determine the work programme.

27. Below is an elemental breakdown of cost for decarbonisation works proposed based on specialist contractor estimates:

Element	Contractor Costs Estimate (£)
Heating Controls	59,903
Pipework Improvements	678,923
Pipework Insulation (INT)	42,121
Pipework Insulation (EXT)	18,052
Windows	116,867
Loft Insulation	17,971
Draught Proofing	10,483
Air Source Heat Pumps	180,919
Metering	22,464
Project Delivery	192,837
LED Lights	42,444
TOTAL	1,382,984
Project Management (4%)	55,319
Planning (0.5%)	6,915
Principle Designer, PCI, and Site H&S (3%)	41,489
Structures (2%)	27,660
Client Resources (5%)	75,718
Total Net Estimate	£ 1,590,085

Acceptance of the PSDS grant included a number of conditions which include:

28. The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures. This fund is focused on a whole building approach ensuring the efficiency and sustainability of the entire system with a 1-year time scale.

29. This fund has an energy efficiency contingency meaning that the value project cannot exceed £325 per tonne of carbon saved. Any value above this will not be granted match funding.

30. Due to the energy efficiency contingency the total amount which the Council was able to apply for was £285,290. This will therefore mean the actual cost to CBC for works would be **£1,304,795 (£1,590,085 - £285,290 grant)**.

31. Monthly status reports, due on the 15th of each month.

32. Salix (the administrator) requires funded projects to start within six weeks, or a written justification should be sent containing an explanation, which they can either accept or decline. If the work is not started on time or the reason for this is not accepted, Salix could withhold the grant. Purdah is unlikely to be accepted as a valid reason for delaying the start date.
33. Decarbonisation work needs to be completed and the report submitted by 31st March 2023. If not, the grant money could be reclaimed. There is no leeway in the final deadline, SRBC have experience of this.

Funding available for the decarbonisation work:

34. Public Sector Decarbonisation Scheme grant £285,290
35. Chorley Council contribution £1,304,795

Details of procurement and consultants to be appointed:

36. It is proposed that the decarbonisation of the Town Hall project will be amalgamated with the works already planned for the Town Hall as part of the new Workplace Strategy and accommodation changes for Council operations. Approval for the Workplace Strategy was given by Executive Cabinet on 16th September 2021 and further information on the Accommodation project as part of the strategy will follow at Executive Cabinet in June 2022. The project team to deliver this project, as well as the decarbonisation project will include the procurement of following consultants:
 37. Quantity Surveyor - via ITQ on The Chest. 60% Cost, 40% Quality evaluation methodology. Expect contract to be to be below £100,000.
 38. Mechanical, Electrical and Plumbing Consultants - via ITQ on The Chest. 60% Cost, 40% Quality evaluation methodology. Expect contract to be to be below £100,000.
 39. Structural Engineer via ITQ on The Chest. 60% Cost, 40% Quality evaluation methodology. Expect contract to be to be below £100,000.
 40. Project Manager/Employers Agent - via ITQ on The Chest. 60% Cost, 40% Quality evaluation methodology. Expect contract to be to be below £100,000.
 41. Principal Designer - Quotes requested from four consultants, awaiting replies. Expected to be below £25,000.
42. Architects – Contract over £100,000 will need cabinet approval which will be put forward in June 2022. Already have feasibility studies from Architects for the Town Hall, Property Services feel that other consultants can do their design elements based on that while we wait for approval to appoint architects.
43. The plan will be to seek delegated decision to allow for the Executive Member (Resources) to approve award of contracts for the above consultants once tenders have been evaluated.

Timeframe

44. Subject to approval, it is anticipated that the procurement would start imminently with a start on site planned for September 2022 and completion of the decarbonisation element of the overall project to be complete by March 2023, to meet grant conditions.

Climate change and air quality

45. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Council's Green Agenda: net carbon zero by 2030, reducing waste production, working with sustainable and green accredited companies, limiting or improving air quality, limiting water waste and flooding risks, improving green areas and biodiversity.

46. The following remediations have been undertaken to limit the environmental effect:

- Combining work with the wider Town Hall accommodation project to reduce disruption and improve efficiency of the works.
- Further information on the accommodation project to follow at Cabinet in June 2022.

47. The work noted in this report will impact positively on the climate change and sustainability targets of the Council's Green Agenda and all environmental considerations are in place.

Equality and diversity

48. There are no equality and diversity considerations of these proposals as they are only enhancing the works already planned as part of the workplace strategy.

Risk

49. Grant funding is conditional on hitting milestones set by Salix in terms of delivery and completion. Failure to meet these could result in money being withheld or returned.

Comments of the Statutory Finance Officer

50. This scheme is not currently within the capital programme and as such no previous allocation of revenue funding for MRP/Interest has been made. Should this be approved then the associated revenue costs would be £31k interest and £39k MRP making a total of £70k. This cost would only begin to be incurred in 23/24 (year following work completion) so would be built into budget setting next financial year.

Comments of the Monitoring Officer

51. The adoption of the carbon neutral target by 2030 is a corporate commitment. This proposal meets this commitment and aids in its delivery.

52. Members should note that the report confirms that whilst the costs may appear significant many of them are simply accelerating delivery of works due to come forward and therefore the costs referenced (or part of them) are likely to be incurred in due course. The "costs" in relation to this proposal are any increased cost as a result of the works being more expensive due to the low/ zero carbon outputs versus traditional solutions. As stated above these costs are justified given the council commitment to carbon neutrality.

53. The proposed procurement route is compliant both in terms of legislation and the council's contract procedure rules. The procurement methodologies provided are appropriate for these types of contract.

Background documents

54. Executive Cabinet Workplace Strategy 2021-2024

<https://democracy.chorley.gov.uk/mgIssueHistoryHome.aspx?Id=89557>

Appendices

Appendix A the Bid

Appendix B the terms and conditions of the grant funding.

Appendix C the Town Hall energy audit

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