

<p>Grants Determination Sub Committee Decision</p> <p>11th September 2019</p>	
<p>Report of: Ann Sutcliffe, Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Schools Energy Retrofit Programme – Phase 2</p>	

Lead Member	Councillor Rachel Blake, Deputy Mayor and Cabinet Member for Planning, Air Quality and Tackling Poverty
Originating Officer(s)	Abdul J Khan, Service Manager – Energy Sustainability & Private Sector Housing David Esdaile, Environmental Sustainability Officer
Wards affected	All Wards
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Community Plan Theme	A great place to live

Executive Summary

This programme will support schools across the Borough with 100 % funding from S106 funds from the Carbon Offset Fund to reduce energy consumption and resulting carbon dioxide emissions. The programme will see funding provided to install energy efficient measures into schools that will reduce their energy consumption, carbon emissions and costs. There will be an open application process for schools to apply for funding for retrofit projects.

The budget for the project is £250,000. This is the second phase of this programme after the successful delivery of the first phase. As with the first phase the maximum amount available to each school is £30,000 to ensure at least 8 schools are supported. Also schools who received a grant in the first phase will not be eligible for a grant in the second phase.

Recommendations:

The Grants Determination Sub Committee is recommended to:

1. Approve the grant funding of £250,000 to deliver the Schools Energy Retrofit Programme.
2. Delegate Officer Authority to the Service Manager for Energy, Sustainability & Private Sector Housing to approve grants up to £30,000.

1. REASONS FOR THE DECISIONS

- 1.1 The project will provide funding to schools in Tower Hamlets to complete energy reduction retrofit projects that will not only reduce energy consumption but also the associated carbon emissions and result in cost reduction and an increased comfort and working environment within the schools. There will be an open application process for schools to apply for funding for retrofit projects. Most schools have little or no budget available to fund such projects and need funding support to carry out these works as they would not otherwise happen
- 1.2 Tower Hamlets produces the third highest level of total carbon dioxide emissions of the 33 Local Authorities in Greater London. There are significant drivers to reduce carbon emissions, including the Borough's target of delivering a net zero carbon Borough by 2030. This project will engage with schools that are among the higher emitters in the Borough and work to cut their carbon emissions.
- 1.3 S106 money from the Carbon Offset Fund needs to spend funds on projects that will reduce carbon emissions in the Borough. This is part of a programme of projects to reduce carbon emissions across the Borough.

2. ALTERNATIVE OPTIONS

- 2.1 The only other funding stream available to schools is a Salix Finance loan. Even though these loans are interest free schools are still reluctant to get a loan as they fear that possible future budget cuts will mean the loan repayments become an added cost and not being funded from energy cost savings. Also Salix loans have to be repaid in 8 years which for some projects, especially those involving gas consumption is not possible due to having a longer return on investment. This is because the low energy charges schools have to pay on the Council's energy contract mean the return on investment is longer but this does not take away from the good energy and carbon savings that projects will achieve.

3. DETAILS OF THE REPORT

- 3.1 The project will provide funding to schools in Tower Hamlets to complete energy reduction retrofit projects that will not only reduce energy consumption but also the associated carbon emissions and result in cost reductions and an increased comfort within schools. There will be an open application process for schools to apply for funding for energy reduction retrofit projects. Most schools have little or no budget available to fund such projects and need funding support to carry out these works as they would not otherwise happen.
- 3.2 The budget being applied for this programme is £250,000. Based on the first phase of this programme this budget will be able to support 8-10 schools.
- 3.3 The limit for an application is £30,000. This is to ensure that at least 8 schools receive funding and some projects will be smaller meaning 8-10 schools should receive funding.
- 3.4 The funding is available to all schools in the Borough, including Voluntary-aided schools, free schools, academies as well as the schools owned by the Council. By making the funding available to all schools it ensures all carbon reduction opportunities will be considered and allow the funding to achieve the highest carbon reduction possible.
- 3.5 To ensure fairness to smaller schools that may not have the resources of bigger schools to submit an application quickly, there will be a window for schools to submit an expression of interest in funding for a project. This expression of interest will allow schools to submit an outline of what they would like to do without having to put together lots of technical information. Once this window has closed the expression of interests will be assessed and those projects that will achieve the highest percentage carbon saving based on the emissions of the technology being replaced, their value for money for the carbon saving and the return on investment of the project will be given preference and the Sustainable Development Team will work with schools that need support to submit a full application. This ensures the programme achieves the maximum carbon reduction possible whilst also making it fair for all schools that want to submit an application.
- 3.6 The following energy efficiency & renewable technologies that are eligible for a grant are:
- Lighting upgrades
 - Air conditioning improvements
 - Building Management Systems
 - Controls
 - Heating projects
 - Insulation
 - Renewable technologies

- 3.7 It will be ensured by the Sustainable Development Team that no funding will be released to any school for any of the proposed projects until sufficient evidence has been provided that the project will achieve an acceptable carbon reduction. This will involve schools completing a Carbon Offsetting Proforma to identify how the project will result in a reduction of carbon emissions. This will ensure that the fund will not be used for maintenance projects that have no energy or carbon reduction benefit as support for these types of projects is available from Children’s Services Capital Programme.
- 3.8 The projects are to be delivered by a supplier that the school will procure. This will ensure that each school will be able to procure the supplier that meets the criteria of their project as each project will involve the installation of different energy efficient technologies. Schools will be encouraged to use suppliers based in Tower Hamlets where possible as in line with the Council’s procurement policy. However if schools would like to use the Council’s capital programme contract to complete their project then they are able to do so. As Voluntary-aided schools, free schools and academies are not under any jurisdiction from the Council they will have to procure their own projects.
- 3.9 Below is a summary of the savings achieved by the schools in the first phase of this project. We would expect similar results for this phase.

	Funding	CO2 Reduction (tCO2)	kWh Saving	Annual School Cost Saving
School 1	£ 30,000.00	21.53	61,000	£ 6,000.00
School 2	£ 30,000.00	21.71	56,542	£ 7,690.00
School 3	£ 30,000.00	12.2	34,707	£ 3,788.70
School 4	£ 30,000.00	13.5	38,463	£ 4,198.64
School 5	£ 30,000.00	30.89	78,585	£ 8,644.00
School 6	£ 15,364.00	20	34,891	£ 3,716.94
School 7	£ 28,239.98	26.96	50,868	£ 6,104.48
School 8	£ 26,396.02	14.68	38,231	£ 3,103.00
Total	£ 220,000.00	161.47	393,287	£ 43,245.76

Table 1: Summary of projects in Phase 1 of Schools Energy Retrofit Programme

- 3.10 The selection of projects will be based on the schools applying through a Carbon Offsetting proforma and following the below process.
1. Schools to complete and submit an expression of interest and supporting evidence in a 3 week window.
 2. Applications are assessed by the Sustainable Development Team in consultation with Children’s Services. Projects that will achieve the highest carbon reduction based on the old technology being replaced, their value for money for the carbon saving and the return on investment of the project will be supported to complete a full application to go before the Selection Panel.
 3. The Selection Panel will assess and decide on applications.
 4. A visit to the school will be carried out to ensure project is as described

and will achieve the carbon savings that have been submitted in the application.

5. Delivery time scales will be agreed with schools and when the funding will be released to them.
6. School to submit evidence that the project has been completed and costs paid as per the approved application.
7. Projects will be monitored 12 months after completion to ensure projected savings are being achieved. For most schools this will be straightforward as many schools are on the Council energy contract and we have access to their consumption data. For the schools that are not they will be required to provide utility bills to allow monitoring to be completed.
8. If there is funding still available after the initial application window then schools will be invited again to submit applications.

3.11 No particular type of project or energy efficient technology will be prioritised as the aim of this programme is to reduce carbon emissions by any means that is appropriate. However larger infrastructure projects or projects that are maintenance projects rather than about proactive energy reduction will not be considered. Any projects of this nature should engage with Children Services and their Capital Delivery Programme.

3.12 The decisions on awarding funding to schools will follow the process set out in the Carbon Offsetting Solutions Study that was adopted by Cabinet in January 2016. This will be made at minuted selection panel meeting which will assess and decide on each application on the criteria set above and below. The Panel will be made up of the Sustainable Development Service Manager, representative(s) from Children's Services, Sustainable Development Team Leader and the Environmental Sustainability Officer. This panel will decide which projects to allocate funding to. The 3 key criteria for the allocation of funds will be:

1. CARBON: carbon savings and their associated cost efficiency;
2. ADDITIONALITY: it is essential that carbon savings are truly additional and would not happen without funding.
3. COMMUNITY BENEFITS: other benefits for the community beyond carbon (e.g. fuel poverty, job creation, improved community facilities, etc.) will be seen as a plus by the Council.

3.13 All projects that are delivered through the award of funding from this programme will be the responsibility of the School. Should any maintenance or costs be incurred at a later date on the technologies installed then that cost will be the responsibility of the school.

3.14 The proposals are in accordance with the Carbon Offsetting Solutions Study approved at Cabinet in January 2016 which was developed to ensure clarity on how funds secured through S106 carbon offsetting finances will be allocated, and to provide transparency in the identification of projects to be delivered.

4. EQUALITIES IMPLICATIONS

- 4.1 An Equality Analysis Quality Assurance checklist has been completed for the programme to address equality implications arising from the proposal.
- 4.2 As a result of performing the checklist the programme does not appear to have any adverse effects on people who share Protected Characteristics and no further actions are recommended.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
- 5.2 This proposal will provide S106 funding from the Carbon Offset Fund to achieve carbon emission reductions that it has been set up to achieve. The open application nature of the programme and the assessment of applications will ensure that projects that achieve the highest carbon reductions for the best value of money will be approved meaning that the maximum carbon reductions possible will be achieved whilst achieving best value from the Carbon Offset Fund.
- 5.3 It will be ensured that no funding will be released to any school for any of the proposed projects until sufficient evidence has been provided that the project will achieve an acceptable carbon reduction. This will involve schools providing evidence to identify how the project will result in a reduction of carbon emissions. This will ensure that the fund will not be used for maintenance projects that have no energy or carbon reduction outcomes.
- 5.4 The funding for the projects will be released to the schools and not the contractor who complete the works. This is to ensure that projects are completed to the satisfaction of the school before any money is paid.
- 5.5 All projects that are delivered through the award of funding from this programme will be the responsibility of the School. Should any maintenance costs be incurred at a later date then that cost will be the responsibility of the school.
- 5.6 Tower Hamlets produces the third highest level of total carbon emissions of the 33 Local Authorities in Greater London. The proposals will contribute to

delivering CO2 emission reductions in the Borough as well as reducing fuel costs for schools and improving the working environment in these schools.

- 5.7 The programme will help to contribute to the community plan objective of 'a great place to live'. This programme will make Tower Hamlets 'greener' by reducing CO2 emissions and it will also improve buildings that are not only used as schools but also used by the community.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Funding of £250k is required to be set aside for issuing grants to deliver the schools energy retrofit programme. This represents the second phase of this programme and should benefit 8-10 individual projects.
- 6.2 Funding will be from s106 income that has been received by the Council and will therefore represent a net nil impact on the Council's baseline budget. This s106 funding forms part of the carbon offset fund which is ringfenced for projects reducing carbon emissions within the Borough.
- 6.3 In January 2016 Cabinet approved the setup of a carbon reduction fund and these grants form part of a package of schemes from this fund totalling £1.7m. These specific projects were approved at Cabinet in July 2019.
- 6.4 Applications for individual grants are restricted to a maximum of £30k per scheme.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council has the legal power to deliver the grant scheme detailed in this report.
- 7.2 The Council has the legal obligation to ensure that the grant scheme achieves Best Value. The scheme is subject to an application procedure where applications will be assessed against pre-published evaluation criteria with grants being awarded to the highest scoring applications.
- 7.3 The grant will be subject to a legally binding agreement which will detail how the money is to be spent and the outcomes will be monitored against the agreement. Also, as public bodies the recipients of the grant may only expend the grant if they themselves have carried out an appropriate level of competition and determined the contractor through that process. These factors and the detail of paragraph 7.2 will help ensure compliance with the Council's Best Value Duty
- 7.4 There are no immediate Equality Act legal implications arising from this report.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Equality Analysis Quality Assurance checklist

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

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