

SURREY COUNTY COUNCIL

MS MARISA HEATH, CABINET MEMBER FOR ENVIRONMENT

DATE: 17 October 2023**LEAD OFFICER:** Helen Butcher**SUBJECT: SOLAR ROOFTOP AND BUILDING DECARBONISATION PROJECTS FOR CORPORATE SITES**

ORGANISATION Enabling A Greener Future
STRATEGY
PRIORITY AREA:

SUMMARY OF ISSUE:

The Council's Climate Change Strategy, and the [Greener Futures Climate Change Delivery Plan](#), set out how the Council will achieve the 2030 net zero carbon target for its own estate and operations. Emissions from the Council's corporate estate make up the majority of the emissions within the scope of the 2030 target and as a result officers over the last two years officers have been drawing in grant funding and developing and delivering schemes to decarbonise buildings within the corporate estate.

The Council has successfully bid for grant funding from Government's Public Sector Decarbonisation Scheme (PSDS3b) to support the delivery of a range of decarbonisation and solar rooftop measures in a number of buildings in the corporate estate.

Due to time pressures resulting from the grant funding criteria, on 27 June 23 Cabinet approved the governance approach for this programme, delegating approval of the business case to the Cabinet Member for Environment in consultation with the Cabinet Member for Property and Waste and Capital Programme Panel. This report requests approval of the solar rooftop and decarbonisation business case for identified corporate sites, listed below, by the Cabinet Member for Environment.

The sites in the business case include seven corporate sites. These have been selected with colleagues from Land and Property and are listed below.

- Shepperton Youth Centre
- Ruth House Residential Home
- Camberley Fire Station
- Dorking Fire Station
- Farnham Fire Station
- Egham Fire Station
- Esher Fire Station

RECOMMENDATIONS:

It is recommended that the Cabinet Member:

1. Approves the business case for the solar rooftops and the PSDS3b corporate site decarbonisation projects included in Appendix A.

REASON FOR RECOMMENDATIONS:

These projects and the associated costs are part of a wider programme of projects and initiatives that put together plot a pathway to achieve net zero 2030 for Surrey County Council as an organisation as well as identifying savings and income generation to offset as much of the costs of achieving the target as possible. The approach to financing SCC's net zero 2030 programme outlined in Greener Futures Finance Strategy was agreed at Cabinet in July 2023.

The principles of accepting Government grant funding to enable such projects was agreed by Cabinet in April 2022 ([Surrey's Greener Futures Grant Programmes](#)). The principles of these PSDS3b programmes have already been approved in December 2022 for the previous PSDS3a funded programme and will be adopted for similar future programmes, the next of which will be PSDS3c in autumn 2023.

To meet the time constraints of the PSDS3b grant conditions, and to enable installation in the corporate sites over the summer months, in June Cabinet approved the governance approach for the programme and delegated approval of the business case to the Cabinet Member for Environment. The business case has now been completed and is included in Appendix A. It follows an earlier business case for schools which was taken for a Cabinet Member decision in July.

DETAILS:

Business Case

1. Surrey County Council (SCC) has committed to achieve net zero carbon for SCC operations by 2030 and a net-zero county by 2050. The Climate Change Delivery Plan requires that the Surrey building estate, as a whole, to be carbon neutral by 2030. Buildings owned and operated by SCC are being decarbonised in a programme up to 2030.
2. SCC agreed via Cabinet in April 2022 to accept Government funding to support decarbonisation of the building estate (Public Sector Decarbonisation Scheme PSDS3b). SCC has been awarded £1.36m in grant funding for the schemes that are proceeding. This will be matched by funding from the Greener Futures capital pipeline and the Facilities Management (FM) Maintenance budget to complete the decarbonisation projects.
3. Investment for solar rooftops will come from the Greener Futures capital pipeline. This will effectively be repaid via savings on SCC fuel bills. This approach aligns with the Green Finance Strategy, which was approved by Cabinet in July 2023, and which sets out the principles of the approach for funding the Greener Futures 2030 net zero programme for SCC of which these projects are a part of.
4. The current decarbonisation and solar projects need to be undertaken prior to the end of March 2024, with contracts awarded imminently in order to make use of the time-bound Government grant. They therefore need business case approval at this time to enable funding deadlines to be met.

5. The principles of the PSDS3B business case and the magnitude of costs were considered and approved by Cabinet in June. Since that time four buildings have been removed from the scope of the programme (for reasons set out in the business case). As the measures and investment required to decarbonise these buildings was not particularly favourable, the impact of the reduced scope is that the capital spend has reduced by 59% however the carbon reduction has only reduced by 7% and subsequently the grant funding (which is based on a carbon reduction ratio) has only reduced by 11%. This means that the cost per tonne of carbon reduced through the programme has improved from £31k per tonne CO₂e to £14k per tonne CO₂e which offers the Council better value for money on it's investment.
6. This report is therefore seeking approval, by the Cabinet Member for Environment, of the business case for the solar rooftop and decarbonisation measures at the identified corporate sites now that this governance approach has been approved by Cabinet in June 2023.
7. The list of buildings in the decarbonisation and solar rooftops programme is included in the business case, Appendix A. Further information on the programme of works, the costs and benefits and on the principles for investment are detailed in the business case.

CONSULTATION:

8. These projects have been jointly developed by Greener Futures, Land & Property, Finance, Procurement and Education as part of working group meetings which occur fortnightly.
9. The 2030 Climate Change Board, which reports to the Greener Futures Steering Board, has also been involved in the development of these projects from the outset and through each stage to date and the report was taken to Property Panel, Infrastructure Board and Capital Programme Panel prior to the Cabinet Member Decision.
10. The Cabinet Members for Environment and Property and Waste have been briefed and Members have been updated via:
 - Asset Strategy Board (13 September 2023)
 - Greener Futures Member Reference Group, subset of the Communities, Environment and Highways Select Committee (5 September 2023)

RISK MANAGEMENT AND IMPLICATIONS:

11. The programme has potential risks around the increase in contractor costs and costs of power network electrical upgrades and the relative pricing of gas and electricity. The largest risk is in not completing the building work within the deadline of March 2024 and losing grant funding. These risks are explained further in Appendix A.

Financial and value for money implications:

12. The solar roof top and decarbonisation projects involve planned capital expenditure, making use of Government grant funding and generating cash savings over the lifetime of the projects. This is summarised in Tables 1 and 2 to illustrate the order of magnitude of costs and savings only.
13. The capital cost of the projects will be met partly by grant funding, part by FM budgets and the remainder by the Greener Futures capital pipeline. It should be noted that the costs to Greener Futures are in line with the envelope allowed for in the 2030 capital pipeline financial model.

Table 1: Costs

Programme	Corporate programme current proposal
Scope of programme	7 corporate buildings
Capex for all buildings including low carbon heating systems, building fabric retrofit works and solar rooftops	£3.1m
Funded by:	
Grant funding	£1.36m
SCC funding from FM budget (Land & Property)	£1.01m
Greener Futures only funding	£0.71m
Borrowing cost on Greener Futures funding	£0.92m
Greener Futures funding including borrowing cost	£1.63m

Table 2: Savings

Programme	Corporate business plan proposed
Savings in fuel costs over 25 years	£1.1m
Annual savings	£43,800
Payback after borrowing costs (years)*	39
Carbon savings annual total	225tCO ₂ e

*Payback is the total Greener Futures funding plus borrowing costs divided by the annual savings

Section 151 Officer commentary:

14. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
15. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
16. The cost of the projects set out in this paper would be funded from a combination of Government grant and Council borrowing, with the Greener Futures element of that borrowing expected to be repaid through energy savings and income from solar. This project has been approved by the Council's Capital Programme Panel. As such, the S151 Officer supports the recommended approach.

Legal implications – Monitoring Officer:

17. Where overarching capital programme strategies are approved by Cabinet, Cabinet may delegate the approval of individual schemes over £1,000,000 to the relevant Cabinet Member(s) and Executive Director(s), subject to scrutiny of business cases by the Cabinet Programme Panel. Individual schemes should initially be reviewed by Capital Programme Panel and then be signed off by the relevant Executive Director(s). Final approval will be via the relevant Cabinet Member(s) via a formal delegated decision sheet which will be published and subject to call in processes.
18. In these cases, the Cabinet Member, Executive Director and Capital Programme Panel will also be responsible for ensuring, in consultation with Strategic Capital Groups, that the overarching strategy approved by Cabinet remains deliverable within the overall programme budget and that key metrics, will be delivered.
19. Individual schemes under the value of £1,000,000 can be approved by the Capital Programme Panel

Equalities and diversity:

20. These proposed projects are a key part of the Climate Change Delivery Plan approved by Cabinet in October 2021. An Equalities Impact Assessment was conducted for the Delivery Plan. This has been reviewed and is appended

(Annex 1) and is found to still be representative of the equality issues relating to this policy.

21. The Delivery Plan was not found to have any negative impacts on any groups of residents. Implementation of the policy to certain projects such as supported independent living will result in lower energy bills and improved thermal comfort for residents.

Other implications:

22. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No direct or significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No direct or significant implications arising from this report.
Environmental sustainability	The proposed projects are replacing end of life heating systems with much more environmentally sustainable solutions and providing on site power generation.
Public Health	No direct or significant implications arising from this report.

WHAT HAPPENS NEXT:

23. The current activities to progress these projects are:
- Undertaking specification development and tendering for an installer(s) of heating systems, solar arrays and building fabric works.
24. Following business case approval by the Cabinet Member for Environment, contractors can be appointed to undertake the works.

Contact Officer:

Helen Butcher, Low Carbon Energy Officer, 07890 894958

Consulted:

Councillor Marisa Heath, Cabinet Member for Environment
 Councillor Natalie Bramhall, Cabinet Member for Property and Waste
 Councillor David Lewis, Cabinet Member for Finance and Resources
 Katie Stewart, Executive Director, Environment transport and Infrastructure
 Carolyn McKenzie, Director, Environment
 Senior Management Team, Greener Futures, Surrey County Council
 Senior Management Team, Land & Property, Surrey County Council
 Finance, Procurement and Education teams, Surrey County Council
 Asset Strategy Board
 Capital Programme Panel

Appendices:

Appendix A: PSDS3b Corporate and Schools Decarbonisation and Solar Rooftop
Outline Business Case

Annexes:

*Annex 1: Equality Impact Assessment from the Climate Change Delivery Plan –
October 21*

Sources/background papers:

[Surrey's Climate Change Strategy 2020](#)

[Greener Futures Climate Change Delivery Plan 2021-2025](#)

Cabinet report, Oct 2021, 190/21 [Surrey's Greener Futures Climate Change Delivery
Plan](#)

Cabinet report, Apr 2022, 76/22 [Surrey's Greener Futures Grant Programmes](#)

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