

## Salix PSDS Funding

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**Report to:**

Investment & Finance Board  
Commissioner's Board  
London Fire Commissioner

**Date:**

24 November 2022  
7 December 2022

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**Report by:**

Laura Birnbaum – Assistant Director Property and TSS

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**Report classification:**

For decision

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**For publication**

I agree the recommended decision below.



**Andy Roe**  
London Fire Commissioner

This decision was remotely  
Date signed on 16 December 2022

# PART ONE

## Non-confidential facts and advice to the decision-maker

### Executive Summary

This report provides an overview of the London Fire Brigade (LFB) Salix funding bid. The LFB property department have applied for Public Sector Decarbonisation Scheme Grant Funding. The Public Sector Decarbonisation Scheme supports the aim of reducing emissions from public sector buildings by 75% by 2037, compared to a 2017 baseline, as set out in the 2021 Net Zero and Heat and Buildings strategies.

Additionally, each site will have full double glazing, cavity wall insulation and additional solar PV panels.

Salix funding is a grant and therefore does not have to be paid back, however the project milestones must be achieved within the specified timeframes

## Recommended decisions

### For the London Fire Commissioner

The London Fire Commissioner approves/agrees

1. To provide the LFC contribution costs that are included in the LFB capital programme and adhere to the terms and conditions of the Salix grant fund. To provide carbon reduction projects at 5 LFC fire stations
2. To the requirements of receiving Salix grant funding as per the conditions outlined in *Appendix 1, appendix 2 and appendix 3*
3. The London Fire commissioner agrees to delegate all procurement activity for the program listed in Part 2 to the Assistant Director of Property and TSS once capital expenditure has been approved.

## 1. Introduction and Background

1. Salix PSDS funding is awarded on a first come first served basis and has been oversubscribed on the previous 3 schemes. The fund is awarded to public sector organisations to de-carbonise heating systems and generally means replacing gas boilers with electric heat pumps. The restrictions have become progressively stricter as only the additional cost between like for like heating systems is included, and applicants are expected to provide a minimum of 12% of the total project cost.
2. The funding is now divided into soft sector caps and LFC are within the other group alongside other emergency services
3. The decision to move forward with the Salix funding application was initially made by director of Corporate services (Sue Budden) during 2020 and we have been unsuccessful on 3 separate

applications. The initial indications are that we were within the timeframe and are this time successful.

4. The GLA via PUMA and ENVIG have been instrumental in ensuring all functional bodies apply for grant funding to assist with finances towards achieving carbon net zero by 2030
5. The applications we have submitted are for 5 fire stations that have end of life heating boilers and in the case of Edmonton and Chelsea will benefit from the inclusion of double glazing. Edmonton will additionally benefit from a complete LED lighting upgrade.
6. All 5 sites will have an Air Source heat Pump (ASHP) hybrid boiler system installed and will benefit from cavity wall insulation, Smart energy use (Building Management system (BMS) strategy and draught prevention proofing, all of which are designed to increase thermal efficiency and reduce the carbon emissions to zero. Which is in line with the GLA target of carbon net zero by 2030

Station	Heating	Cavity wall	BMS	Glazing	Solar PV	Draught exclusion	LED lighting
Bethnal Green	ASHP	Yes	Yes	N/R	Yes	Yes	N/R
Chelsea	ASHP	Yes	Yes	Yes	Yes	Yes	N/R
Edmonton	ASHP	Yes	Yes	Yes	Yes	Yes	Yes
Hainault	ASHP	Yes	Yes	N/R	N/R	N/R	N/R
Stratford	ASHP	Yes	Yes	N/R	N/R	Yes	N/R

*(N/R – Not Required, indicates station currently has this installed)*

7. Where required we have already engaged with the Distribution network operator (DNO) for an electrical power upgraded and this would be at LFC cost for these sites. The engagement is preliminary and will require making formal once we have confirmation of successful applications.

### **Financial consideration**

1. The spend and grant funding for each site is detailed in part 2;
2. This report recommends LFC accept the Salix grant fund offer and instruct E.On Controls to design and project manage all 5 building retrofits projects to deliver carbon net zero at 5 LFC fire stations.
3. The finance from LFC is considered a funding match as Salix funding finances the gap between replacing like for like (Gas boilers) with Electrically powered heat pump technology. The additional finance for increasing the insulation is as part of the lower heat output of heat pump technology. The LFC funding portion will be funded from the LFC capital works register and the Estate capital Investment Plan.
4. The 5 properties will benefit from lower utility costs as the building will be more efficient and require less energy to heat. The cost of electricity is higher than gas at present although this gap is expected to close and Heat pump technology is three times more efficient than a gas-powered heating system.

## **2. Options**

- 2.1 LFB is currently reviewing all the financial options to fund the draft Carbon Net Zero strategy. If this grant was not accepted LFB would need to undertake borrowing as part of the capital program to fund this resource. grant and seek funding from an alternate source.

### 3. Delivery

- 3.1 Salix PSDS funding has specific project delivery requirements and LFB would be expected to appoint E.On Controls to project manage and provide consultancy works. The procurement route to market is specified as via framework and LHC (not for profit organisation), Crown Commercial Services (CCS), Laser are recommended. However the Blue light procurement portal can be used. Salix will carry out a feasibility study and check that the project can be delivered within the timeframe. Salix will then appoint a Technical manager to ensure the project meets the specification and delivers the carbon reduction targets.
- 3.2 LFC will use the services of E.On Controls to manage the design and specifications of the de-carbonisation projects as E.On carried out the initial design surveys and completed the Salix application documentation. We will use E.On as a consultant to manage the project and we will ensure our capital project delivery team are involved in the projects.
- 3.3 The 5 projects must be completed before 31 March 2024 and invoiced before that date. However, in extenuating circumstance an extension can be granted.

### 4. Equality comments

- 4.1 The LFC is required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 4.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 4.3 The protected characteristics are as follows; age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 4.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
  - Eliminate discrimination, harassment and victimisation and other prohibited conduct.
  - Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
  - Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 4.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
  - Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
  - Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 4.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

- 4.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
  - promote understanding
- 4.8 An EIA was completed. This confirmed that the Carbon Zero 2022 had low impact on equalities and may have the potential to improve the LFB estate to make it more inclusive. In addition, an EIA will be completed on each major project within the Carbon Zero Programme.

## **5. Other considerations**

### **Workforce comments**

- 5.1 The Carbon Zero delivery program provides a detailed program of work for the LFB Project team. No impact on the workforce is anticipated. The trade unions will be provided with this report in advance of the Deputy Mayor's Fire & Resilience Board meeting.

### **Sustainability comments**

- 5.2 This report outlines LFC's carbon net zero proposals, in accordance with the 2030 net zero targets set by the GLA. It sets out the requirements for staff engagement and training, taking into account current and proposed carbon impact training. Where new policies and/or corporate projects may arise, they are subject to the Brigade's sustainable development impact assessment process.

### **Procurement comments**

- 5.3 All of the procurement activity planned will be in accordance with the Governance requirements for LFB as described in Part 3 of Standing Orders relating to Procurement. Identification of the various routes to market described above will be supported by Procurement to ensure that awards are made to the most economically advantageous tenderer. These routes to market will include the use of existing LFB contracts, accessing contracts across the GLA as well the use of relevant national Framework contracts. The evaluation of price and technical ability of tenderers will form part of the development of the invitation to tender. Where the awarded contract covers a range of works at stations performance management processes will be included to ensure that consistent delivery of the works is maintained.

### **Communications comments**

- 5.4 The Carbon Zero strategy may be published in the public domain, following the precedent of sharing the GLA strategy. Communication regarding the Strategy will be undertaken at both organization and station level regarding the projects that will be undertaken using the existing project communication channels. The consultation process for specific property projects follows the preparation of the Project Brief/Requirements and Project Initiation Document (PID) with the stakeholders. Engagements maintained through site meetings to enable staff participation throughout project delivery. The handover of project to the facility management team is embedded in the ways of working in the property function.

## **6. Financial comments**

- 6.1 If the grant bid was successful, this would have capital financing cost savings as there would no longer be a requirement to fund these particular schemes through external borrowing which we would usually carry out with the Public Works Loans Board (PWLB). The current interest rates of this type of borrowing are in the region of 4.5% per annum over the life of the asset.

## **7. Legal comments**

- 7.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 7.2 The arrangements proposed is consistent with the LFC's power under section 5A of the Fire and Rescue Services Act 2004 to do anything it considers appropriate for the purposes of the carrying out of any of it functions.

## List of appendices

Appendix	Title	Protective Marking
1.	<a href="#">Phase 3b PSDS Guidance Notes v.2</a>	No
2.	<a href="#">BEIS Sectoral Emissions v1_2</a>	No
3.	<a href="#">Phase 3b PSDS Supporting Information Guidance</a>	No

## Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI (Freedom of Information) Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: YES

## Originating officer declaration

Reporting officer to confirm the following by using 'x' in the box:

<b>Reporting officer</b> Laura Birnbaum has drafted this report and confirms the following:	
<b>1. Assistant Director/Head of Service</b> Laura Birnbaum has reviewed the documentation and is satisfied for it to be referred to Board for consideration	X
<b>2. Advice</b> The Finance and Legal teams have commented on this proposal: <b>Hameera Darr Legal Advisor</b> , on behalf of General Counsel (Head of Law and Monitoring Officer). <b>Ogbo Awa Financial Advisor</b> , on behalf of the Chief Finance Officer.	X



