

Salix Public Sector De-Carbonisation Scheme 3C (PSDS) – De-carbonising Nine Fire Stations

Report to:

Investment & Finance Board
Commissioner's Board
Deputy Mayor's Fire and Resilience Board

Date:

26 October 2023
07 November 2023
21 November 2023

Report by:

Laura Birnbaum – Assistant Director Property and TSS

Report classification:

For decision

For publication

I agree the recommended decision below.



Andy Roe

London Fire Commissioner

Date This decision was remotely
signed on 01 February 2024

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 PSDS 3C Grant Funding in order to undertake works to decarbonise nine fire stations. 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 LFB carbon net zero strategy and in accordance with programme eight of 2023 CRMP. The GLA target to functional bodies to lead by example and become carbon net zero by 2030.

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 although the match funding would need to be borrowed this would remain a very attractive and low rate of borrowing. The project milestones must be achieved within the specified timeframes. The timeframe for spending this grant would be a two-year project beginning in 2024 and completion in 2026.

Recommended decisions

For the London Fire Commissioner (LFC)

The London Fire Commissioner approves/agrees:

1. To provide and allocate the LFC contribution costs required from the LFB capital programme, to benefit carbon reduction projects at nine LFC fire stations.
2. To adhere to the terms and conditions of the Salix 3C grant fund. (as outlined in Appendix 1, Appendix 2 and Appendix 3).
3. The LFC agrees to delegate all procurement activity for the programme listed in Part 2 to the Assistant Director of Property and TSS once capital expenditure has been approved.

1. Introduction and Background

- 1.1 Salix PSDS 3C funding is awarded to public sector organisations to de-carbonise heating systems and includes a fabric first approach and de-carbonising by removing all fossil fuel powered boiler plants with electric heat pumps. Applicants are expected to provide a minimum of 12% of the total project cost.
- 1.2 The funding is now divided into soft sector caps and LFC are within the other group alongside other emergency services.
- 1.3 LFB were successful in applying for Salix PSDS 3B in 2022 and have received grant funding under LFC 0776. This project is due to be completed before this next phase of heat de-carbonisation is due to begin.
- 1.4 The Greater London Authority (GLA) via PUMA (environment action group pre-meeting) and ENVIG (environment action group) have been instrumental in ensuring all functional bodies apply for grant funding to assist with finances towards achieving carbon net zero by 2030.

- 1.5 The applications LFB submitted are for nine fire stations that have end of life heating boilers and will benefit from the inclusion of double glazing and LED lighting upgrades.
- 1.6 The nine LFB fire stations were selected primarily due to the end-of-life requirements of existing gas-powered boilers as the primary carbon emission plant. Additionally, the project must be begun and completed within 24 months and currently the staffing resourcing meets this requirement.
- 1.7 All nine 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).

Sites included in the application and works required

Station	Heating	Cavity wall	BMS	Additional measures included for example LED lighting, and/or Solar and/or PV Glazing/ and/or Draught exclusion
Erith	ASHP	Yes	Yes	Yes
Greenwich	ASHP	Yes	Yes	Yes
Millwall	ASHP	Yes	Yes	Yes
Peckham	ASHP	Yes	Yes	Yes
Stanmore	ASHP	Yes	Yes	Yes
Stoke Newington	ASHP	Yes	Yes	Yes
Tottenham	ASHP	Yes	Yes	Yes
Willesden	ASHP	Yes	Yes	Yes
Woodside	ASHP	Yes	Yes	Yes

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

- 1.8 Where required LFB have already engaged with the Distribution Network Operator (DNO) for an electrical power upgrade. The engagement is preliminary and will require making formal once we have confirmation of successful applications.
- 1.9 The grant is provided to LFC and requires regular reporting directly back to Salix via a weekly telephone call and a monthly submission of project timelines and invoice submissions. This paper seeks the required governance that Salix makes as a condition of offering the grant to LFC.
- 1.10 This heat de-carbonisation project would form part of the LFC adoption of programme eight of the CRMP.

2. Financial consideration

- 2.1 The spend and grant funding for each site is detailed in part 2 of this report.
- 2.2 LFC has contracted Zenergi consulting to prepare and assist LFB with submission of Salix PSDS bid. They were chosen because Zenergi are one of the organisations that carry out technical audits of Salix PSDS applications and have previously provided insight and a very high technical knowledge within depth insight. The contract was directly awarded as spend was under £25,000.
- 2.3 This report recommends LFC accept the Salix grant fund offer and instruct Zenergi to design and project manage all nine building retrofits projects to deliver carbon net zero at nine LFC fire stations.

- 2.4 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 LFB capital works register and the Estate Capital Investment Plan (ECIP).
- 2.5 The nine properties will benefit from lower utility use, the buildings will be more efficient and require less energy to heat. In addition, heat pump technology is three times more efficient than a gas-powered heating system.

3. Options

- 3.1 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 programme to fund this resource, grant and seek funding from an alternate source.

3.2 Delivery

- 3.3 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 specifications and delivers the carbon reduction targets.
- 3.4 LFC have appointed Zenergi to manage the design and specifications of the de-carbonisation projects throughout the Salix PSDS 3C application process. The heat de-carbonisation plans (HDP) will require a full technical design to be carried out to take the design to the Royal Institute of Building Surveyors (RIBA) to design stage four. This is the stage immediately prior to beginning on site. LFC will contract and employ a design team/organisation to submit full and final designs to RIBA stage 4.
- 3.5 Following development of the scheme design by the appointed consultant, the procurement process to appoint the successful contractor shall be undertaken in accordance with the LFC's Scheme of Governance in particular Part 3 – Standing Order for Procurement and in compliance with Public Procurement Regulations 2015, as applicable.
- 3.6 LFB will submit all relevant documentation to the Salix administrator to ensure correct and submission of funding draw down.
- 3.7 The delivery of the project to retrofit the nine buildings will be managed by the LFB Property Group (Capital Delivery Team) and will follow the standard project delivery mechanisms. There are no additional staffing costs arising from the proposed decision. Deputy Mayor for Fire and Resilience Decision 211 (Provision of Increased Electrical Power at 55 Fire Stations) gave approval for the London Fire Commissioner to commit revenue expenditure for the creation of two additional posts in LFB's Carbon Reduction team and report LFC-23-072 gave approval for the creation of those posts.
- 3.7 On completion of the works and defects liability period, the maintenance and servicing of all new low carbon technologies installed will be passed to LFB hard services provider following a soft landings handover process.
- 3.8 The nine projects must be completed before 31st March 2026 and invoiced before that date. However, in extenuating circumstances 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 Net Zero programme 2023 has 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 programme provides a detailed programme of work for the LFB project team. No impact on the workforce is anticipated. The trade unions will be

provided with this report.

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 (SDIA) process. An SDIA has been completed and approved.

Procurement comments

- 5.3 Any procurement activity required under this LFC paper for the delivery of the identified Salix projects will be undertaken in accordance with the LFC's Scheme of Governance in particular Part 3 – Standing Order for Procurement and in compliance with Public Procurement Regulations 2015, as applicable.
- 5.4 Review of the various routes to market will be supported by Procurement to ensure consideration of effective competition and identification of best-fit contractor options. Routes to market will include the review of applicable public sector frameworks and other compliant market engagement options. Any final contract award(s) shall be made to the most economically advantageous tender against pre-defined quality/technical and price criteria. Any awarded contract(s) shall include a range of performance incentive measures to ensure the works are effectively delivered to defined cost and quality requirements.

Communications comments

- 5.5 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 organisation 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

- 7.1 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 By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). Paragraph (b) of Part 2 of said direction

requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".

- 7.3 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 its functions including working towards GLA Group net zero targets.

List of appendices

Appendix	Title	Protective Marking
1.	https://www.salixfinance.co.uk/schemes/phase-3c-public-sector-decarbonisation-scheme	No
2.	https://www.salixfinance.co.uk/sites/default/files/2023-09/Phase%203c%20Public%20Sector%20Decarbonisation%20Scheme%20Guidance%20Notes%20v1.1%20Client%20Facing.pdf	No
3.	https://www.salixfinance.co.uk/sites/default/files/2023-09/Phase%203c%20Public%20Sector%20Decarbonisation%20Scheme%20Guidance%20Notes%20v1.1%20Client%20Facing.pdf	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