

From: Barbara Cooper, Corporate Director, Growth, Environment & Transport

To: Susan Carey Cabinet Member for Environment

Subject: Public Decarbonisation Fund -Section 31 Award.

Decision Number: 21-00034

Electoral Division: All

Summary: This paper seeks approval to accept and enter into an agreement with the Department of Business, Energy, and Industrial Strategy. (BEIS) for a Section 31 grant of up to £21m to deliver several energy projects which will help KCC meet its target of achieving net-zero carbon emissions by 2030.

Recommendation(s):

The Cabinet Member for Environment, is asked to agree to:

- Accept a Grant from the Public Sector Decarbonisation Fund from Salix Finance on behalf of the Department of Business, Energy, and Industrial Strategy (BEIS), subject to s151 Officer consideration.
- Confirm that the grant funding will be for up to £21m for several proposed energy projects (subject to separate decision-making where appropriate), and up to a further £1.2m for school site energy projects; and
- Delegate authority to Corporate Director of Growth, Environment and Transport to take relevant actions, including but not limited to, entering into contracts and other legal agreements, as necessary to implement decisions to spend the grant.

1. Introduction

- 1.1 In response to the Climate Emergency, the UK government revised the Climate Change Act 2008 in 2019. This introduced into law the UK target of net-zero carbon emissions by 2050. This Act requires local authorities to act to reduce emissions both from their own operations and their geographical area. In July 2020, Kent County Council set an accelerated target of net-zero emissions by 2030 for its corporate estate and traded companies.
- 1.2 Under the framework of the Kent Environment Strategy (KES) and the Energy and Low Emissions Strategy (ELES), the Sustainable Business and Communities Team has been leading KCC's response to achieving the net-zero target.
- 1.3 In Autumn 2020, BEIS and Salix announced £1bn of grant funding which aligned with BEIS's new mission and priorities including tackling climate change. In December 2020, KCC applied for £20.6m of projects, plus up to £1.2m for schools-based projects. In January 2021, KCC was informed that its

application was being progressed and to submit a detailed technical assessment of the projects proposed.

- 1.4 On 16 February, KCC was informed by Salix that the KCC application was approved subject to KCC agreeing to the Grant conditions by 1 March.

2. Financial Implications

- 2.1 Modelling by Laser Energy estimates that £27m investment will be needed to meet KCC's net-zero target for its own estate by 2030. The Grant, if accepted is for up to £20.6m and will therefore represent a significant funding contribution to help meet this target. It is currently estimated that the projects will produce in the region of £47m surplus over 30 years. The majority coming from the large solar park project.

- 2.2 The key constraints of this funding include:

- Funding has to be spent by March 31st, 2022
- Projects should complete by September 2021
- The grant letter to accept the funds must be signed by the 1st of March 2021.

- 2.3 At this stage none of the projects under consideration have been included in the capital programme due to the timing of the bid process. Individual projects will need to be developed and proposed to be added to the capital programme. Normally new or additional projects that are 100% grant funded are included for approval in the routine budget monitoring reports.

- 2.4 Due to the tight timescale for Public Sector Decarbonisation Fund outlined in 2.2. above individual decisions to proceed with projects and inclusion in the capital programme may be needed in accordance with the Scheme of Delegation and Financial Regulations. Such decisions will identify financial implications and risks where projects may not be completed in accordance with the September 2021 and March 2022 deadlines. This could result in some projects not being taken forward and decarbonisation funding refunded back to BEIS.

3. Policy Framework

- 3.1 The environment is one of the five main Challenges set out in the Interim Strategic Plan that KCC is facing over the next 18 months. Tackling the climate emergency is identified as an urgent priority.
- 3.2 In response to the UK Climate Emergency, KCC has committed to reducing carbon emissions from its own estate by 2030.
- 3.3 The projects which will be supported by the grant will help deliver against this challenge and underline KCC's leadership role in tackling climate change.

4. The Report

- 4.1 KCC has made an application for £20.6m Section 31 Grant funding from BEIS Public Decarbonisation fund. In January 2020, KCC was informed that the application could progress to the technical assessment stage. On 16 February, KCC was informed by Salix that the KCC application was approved subject to KCC agreeing to the Grant conditions,
- 4.2 Subject to the S151 Officer's agreement, the Grant Agreement must be signed and submitted 1 March in order for the funding to be released to KCC on 31 March 2021.
- 4.3 BEIS has yet to confirm the final specific projects being funded. Cumulatively it is anticipated that the projects will reduce carbon emissions from KCC's estate by 40%, some 7,097 tonnes of CO₂ (based on the current LASER figure of 17,660 tonnes to September 2020), and enable delivery of its net-zero carbon emissions target.
- 4.4 Alongside delivery of the net-zero target, the proposed projects will reduce KCC's energy costs by £225,948 and provide an income to KCC from the two solar parks; stimulate the low carbon economy in Kent and create local jobs as well as set up some key development infrastructure to meet future energy challenges such as security of supply.
- 4.4 Each project will have its own governance including where applicable specific key decisions to take projects forward to be taken by the Cabinet Member for Environment. The Major Energy Projects Board will have formal oversight of the grant's application across all projects.

5. Risks

- 5.1 The timescale for delivery of projects is ambitious. Project should complete by September 2021 though there is currently some flexibility from Salix and extensions to projects is expected to be available. The funding however **has** to be spent by 31st March 2022.
- 5.2 Governance oversight of projects will be undertaken by the Major Energy Projects Board.

6. Equality and data protection implications

- 6.1 EqlAs and DPIAs will be undertaken for the projects that have been identified against the grant award.

7. Legal Implications

- 7.1 KCC will need to accept terms and conditions for the grant funding. Acceptance will be subject to the review and agreement of the S151 Officer.
- 7.2 Legal Agreements for specific individual projects may be needed and will be subject to the review and agreement as part of the project management governance arrangements.

8. Conclusion

- 8.1 KCC has made a successful application to BEIS for up to £21m Section 31 Grant funding from their £1billion Public Decarbonisation Fund. If accepted, the funding will provide a significant investment in tackling climate change and reducing carbon emissions across KCC's estate as well as providing additional benefits to the economy by creating new jobs and infrastructure.

9. Recommendations(s):

The Cabinet Member for Environment, is asked to agree to:

- Accept a Grant from the Public Sector Decarbonisation Fund from Salix Finance on behalf of the Department of Business, Energy, and Industrial Strategy (BEIS), subject to s151 Officer consideration.
- Confirm that the grant funding will be for up to £21m for several proposed energy projects (subject to separate decision-making where appropriate), and up to a further £1.2m for school site energy projects; and
- Delegate authority to Corporate Director of Growth, Environment and Transport to take relevant actions, including but not limited to, entering into contracts and other legal agreements, as necessary to implement decisions to spend the grant.

10. Background Documents

Appendix A – Record of Decision

11. Contact details

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