

## Little Thetford Primary School Low Carbon Heating Project

To: Environment and Green Investment Committee

Meeting Date: 19<sup>th</sup> January 2023

From: Steve Cox, Executive Director of Place and Sustainability

Electoral division(s): Soham South & Haddenham

Key decision: No

Forward Plan ref: n/a

Outcome: Agree whether to capital fund a low carbon heating installation at Little Thetford CofE Primary School.

Recommendation: Committee is asked to confirm that Environment Fund capital funding can be provided for the Little Thetford CofE Primary School low carbon heating project to decarbonise the school's heating prior to the site being handed over to the Diocese of Ely Multi Academy Trust.

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# 1. Background

1.1 The Council's Climate Change & Environment Strategy sets an objective to achieve Net Zero for the county as a whole by 2045. Achieving this will require decarbonisation of space heating in practically all buildings in the county. The Strategy's Action Plan says that the Council will:

*“Support schools to retrofit buildings to improve energy efficiency and offering finance mechanisms including lifecycle heating and hot water replacement in schools to be fitted with low carbon solutions, offering energy performance contracts and heat agreements”*

1.2 In July 2021 E&GI Committee approved a funding package for low carbon heating projects at maintained schools. This package consisted of:

(a) Public Sector Decarbonisation Scheme (PSDS) grant funding where this can be secured; and

(b) Capital contribution from the Environment Fund of up to the projected monetised carbon savings for the project; and

(c) School Condition Allowance funding equivalent to the cost of a like for like gas/oil boiler installation; and

(d) A loan with no markup on the Council's own borrowing cost.

1.3 In respect of academy schools, Committee agreed to the Council providing a service to draft applications for grant funding to decarbonise their heating. Academy projects whose grant applications were successful could, in principle, then be delivered via the Council's existing Managed Service Agreement funding and contractual model. The Environment Fund and School Condition Allowance capital contributions would not apply in the case of academy schools.

1.4 The Council was successful in securing grant funding for low carbon heating projects at 9 schools in Phase 3a of PSDS. One of the schools for which funding was secured was Little Thetford CofE Primary School. An Investment Grade Proposal for a low carbon heating project at the school has now been finalised and presented to the school. The next step would be a decision to move forward to installation. The school has notified us that they received Department for Education approval on 15<sup>th</sup> December 2022 to academise (joining the Diocese of Ely Multi Academy Trust (DEMAT)) in September 2023. In view of this, this report seeks Committee's decision on whether to proceed with the project prior to the school academizing or to withdraw the Environment Fund capital contribution for this project.

1.5 The Government outlined their intent, in the March 2022 School's White Paper, for all schools to join multi academy trusts by 2030. This suggests a direction of travel towards all of Cambridgeshire's 114 maintained schools converting to academy status over time. This intent has not yet been enacted in law.

## 2. Main Issues

### 2.1 Little Thetford School Low Carbon Heating Project

2.1.1 Little Thetford school has oil fired heating from two separate plant rooms. The main plant room boiler is 25 years old and in need of replacement, the smaller plant room boiler is understood to be under 15 years old. The condition report for the site also highlights the oil tank as being 25 years old and the oil tank bund wall being in poor condition and requiring urgent replacement. The proposed low carbon heating project would take the site completely off oil, replacing the oil boilers with four Air Source Heat Pumps (ASHP), two serving each plant room. In addition, an LED lighting upgrade is proposed. Total capital cost is £338,804, although the contractor believes they may be able to reduce this by £60,000. The project would deliver a 401 tCO<sub>2</sub> carbon saving over the 20 year equipment lifetime, an 83% reduction in the site's carbon footprint.

2.1.2 The provisional funding package for the school consists of:

- (a) A £96,530 PSDS grant secured for the school;
- (b) A £163,000 capital contribution from the Council's Environment Fund, value engineering may reduce this to £103,000;
- (c) A boiler 'like for like' capital contribution from Education Capital of £32,748;
- (d) A loan of £46,548. The projected energy bill savings repay this in 19.8 years, making the project broadly net cash neutral to the school over the 20 year equipment lifetime.

2.1.3 PSDS grant funding has to be spent by 31st March 2023. To achieve this the school would need to be in contract for the works by the end of January. The LED lighting upgrade would take place in February. Other materials and equipment would be delivered to site, and invoiced for, prior to the grant deadline to enable the grant to be claimed. Installation of the ASHP and replacement of the school's radiators would take place over the summer holiday and complete prior to the start of the autumn term.

2.1.4 The school have now confirmed that they will be academising, joining DEMAT, in September 2023. The imminent, confirmed academisation raises the question of whether the Environment Fund capital contribution should still be made available for this project.

### 2.2 Issues for Consideration

2.2.1 Precedent on handover of school sites is that the Council and DEMAT review condition reports and that the Council either rectifies those issues identified as requiring urgent action or funds the school/trust to do these works. The condition report for Little Thetford identifies the existing oil tank bund as requiring urgent replacement and the oil tank as 25 years old. This would be addressed by replacing the tank with a new, bunded tank or providing DEMAT with the funding to do so. The condition report notes that the oil boilers are nearing

the end of their serviceable lives, but records their condition as serviceable and requiring attention within 2 years (but not urgently).

- 2.2.2 As a voluntary controlled school the freehold for the school (excluding the playing fields) will be transferred to DEMAT when the school academises rather than the Council leasing the site to DEMAT. Like all organisations, academy trusts have a responsibility for decarbonising heating in their own buildings. The carbon emissions for the site will be part of DEMAT's carbon footprint from September 2023.
- 2.2.3 The ASHP installation would have a £103,000 - £163,000 cost to the Council's Environment Fund and a £32,748 cost to Education Capital's School Condition allowance budget. It would deliver a 401 tonne CO<sub>2</sub> saving over the 20 year lifetime of the equipment. Replacing the site's oil tank with a bunded oil tank would have no cost to the Council's Environment Fund, but delivers no CO<sub>2</sub> savings. The cost of replacing the oil tank would still fall on Education Capital's School Condition allowance budget. Oil tank replacement cost is unknown, but is likely to be less than the £32,748 cost already allowed for.
- 2.2.4 The Climate Change & Environment Strategy states that the Council will support schools for lifecycle replacement of heating to be on a low carbon heating basis. While the site remains a maintained school the Council has influence over the replacement of the boilers and an opportunity to decarbonise the site's heating. Once the school has academised, the Council will cease to have influence over the replacement of the boilers and there is a risk that the boilers may be replaced with new oil boilers which could still be operational by 2045, contrary to the Climate Change & Environment Strategy objective of achieving a Net Zero county by this date. Not proceeding with the project could also be perceived as the Council transferring a decarbonisation liability to a third party.
- 2.2.5 The £96,530 PSDS grant funding would be lost if the ASHP project does not proceed, increasing the net cost of decarbonising the site's heating when this does occur.
- 2.2.6 Committee's decision in respect of Little Thetford will not be assumed to set a precedent for how we would deal with any similar cases that arise. Following this paper we will review and refresh the Council's policy in these matters. In the meantime each case would be considered on its merits.

## 2.3 Environment Fund

- 2.3.1 So far a total of £3.2 million of the £12 million allocated for low carbon heating projects on Council buildings and schools is committed. £2.5m of this is for Corporate Low Carbon Heating Projects and £706,000 for low carbon heating projects on ten schools. All these projects have match funded PSDS grant. A further £1.5 million and £1.4 million, respectively, is earmarked for next financial year for further corporate building and school low carbon heating projects with pending grant applications. Together this totals a £6.1 million commitment, leaving £5.9 million in the Fund. The £103,000-£163,000 Environment Fund contribution that would be required for Little Thetford is manageable within the remaining available funding.

## 3. Alignment with corporate priorities

### 3.1 Environment and Sustainability

The following bullet points set out details of implications identified by officers:

- Achieving the Council's target of net zero carbon emissions for Cambridgeshire by 2045 will require fully decarbonising heating in buildings. Capital funding the Little Thetford low carbon heating project would make a positive contribution to this objective. If capital funding is not provided the project is unlikely to proceed and the heating at the school would remain an outstanding decarbonisation task that would need to be delivered by DEMAT.

### 3.2 Health and Care

There are no significant implications for this priority.

### 3.3 Places and Communities

The following bullet points set out details of implications identified by officers:

- If capital funding is agreed, installation of low carbon heating at Little Thetford will raise awareness amongst parents and school neighbours of practical steps to address the challenge of climate change. If the project does not proceed this awareness raising opportunity would not be realised.

### 3.4 Children and Young People

The following bullet points set out details of implications identified by officers:

- If capital funding is agreed, installation of low carbon heating will demonstrate the Council's commitment and the achievability of decarbonisation to school children and provide opportunities for them to learn about practical steps to address the climate challenge. If capital funding is not agreed, the responsibility for decarbonisation and raising awareness amongst the school's pupils would transfer to DEMAT with the school site.

### 3.5 Transport

There are no significant implications for this priority.

## 4. Significant Implications

### 4.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- The Environment Fund capital contribution (paragraphs 2.1.2 and 2.3.1) is from borrowing. Projected spend in the near term remains within the existing Environment Fund budget, so funding Little Thetford does not create a new or increased resource pressure.

- If Committee do not approve capital funding for the Little Thetford project, there would be a £103,000-£163,000 saving to the Environment Fund.

## 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The following bullet points set out details of significant implications identified by officers:

- Project development and installation will be delivered under the Energy Performance Services Framework Agreement with Bouygues Energies & Services and SSE Enterprise Energy Solutions signed in March 2021 and so is fully compliant with the Council's Contract Procedure Rules.
- If capital funding is not agreed there would be no significant implications within this category.

## 4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

## 4.4 Equality and Diversity Implications

There are no significant implications within this category.

## 4.5 Engagement and Communications Implications

There are no significant implications within this category.

## 4.6 Localism and Local Member Involvement

There are no significant implications within this category.

## 4.7 Public Health Implications

There are no significant implications within this category.

## 4.8 Environment and Climate Change Implications on Priority Areas

### 4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Positive

Explanation: The project delivers low carbon heating and energy efficient lighting.

### 4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: No impact on transport.

### 4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: No impact on green space.

### 4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: Packaging waste associated with delivery of materials will be managed by supply chain procurement conditions.

4.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: No impact on water use or management.

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Positive

Explanation: In principle the reduction oil consumption reduces production of air pollutants in particular NOx, although the impact on air pollutant concentrations in areas of air quality exceedance will be immeasurably small.

4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Positive

Explanation: Low carbon heating reduces reliance on global supply chains for oil providing greater cost certainty and supply resilience..

As a late paper, requested on 11<sup>th</sup> January by the Green Investment & Utilities Advisory Group this report has not received all clearances. Comments have been sought from clearance officers and will be reported verbally to Committee.

Have the resource implications been cleared by Finance? No

Name of Financial Officer: Ellie Todd/Mike Falconer

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder? No Name of Legal Officer: Linda Walker

Have the equality and diversity implications been cleared by your EqIA Super User? No Name of Officer: Sheryl French

Have any engagement and communication implications been cleared by Communications? No Name of Officer: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? No Name of Officer: Sheryl French

Have any Public Health implications been cleared by Public Health? Yes Name of Officer: Iain Green

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes Name of Officer: Emily Bolton

## 5. Source documents

None.