

## FUNDING FOR HEAT EXCHANGE NETWORKS

**EXECUTIVE MEMBER:** Councillor Elaine Woodburn  
**LEAD OFFICER:** John Groves  
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### WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

This report relates to the potential benefits which might be secured for residents of the Borough, initially in terms of the receipt of funding through Central Government into research into the feasibility of setting up district heat networks, and should feasibility be demonstrated in providing more energy efficient and cost effective for communities within the Borough.

### WHY HAS THIS REPORT COME TO THE EXECUTIVE?

**(eg Key Decision, Policy recommendation for Full Council, at request of Council,etc.)**

To make Executive members aware of the process of seeking funding; to seek agreement to supporting the process and to agree a process of governance which ensures that any control and management of grant funding, in line with DECC requirements is passed to BEC.

**RECOMMENDATIONS:** The Executive is requested to acknowledge and agree to additional submissions in collaboration with BEC and other relevant partners relating applications for funding relating to heat networks subject to the completion of necessary agreements which ensure that whilst the Council may be the applicant for funding – accountabilities and liabilities are passed onto to BEC or other partners taking lead responsibility for the schemes.

## 1. INTRODUCTION

1.1 A previous bid for funding from the Department for Energy and Climate Change for a set of proposed feasibility studies was successful. Officers within BEC have initiated the process of investigating the scope to use this funding and with the support of partners within the energy sector have co-ordinated the appraisal of possible bids and the preparation of submission documents. Copeland has received funding totalling £107k to enable BEC to lead 4 such studies. There has been general consensus that the bidding process was successful and that there is a genuine prospect of securing development of a heat network or networks

which will be to the benefit of business and homes in the Borough. Indeed DECC officers have expressed particular interest in potential projects relating to mine workings and have used Copeland as an example to other smaller authorities in how to utilise this potential source of funding.

- 1.2 Bids were made to support study of the potential for heat networks in Kells/Sandwith, Whitehaven Town Centre, Hensingham – based around the hospital and schools, and Westlakes Science Park. The schemes included investigation into the use of latent heat contained within water held within abandoned mine workings.
- 1.3 DECC has indicated that whilst part of the initial bid was not granted as part of one of the earlier bids, it would be possible to offer that funding in a later bidding round ending in May. Proposals around the Wellbank Project in Bootle also have the support of BEC in a bid to fund further assessing the scope for a heat network relating to that project. As with previous bids submissions have to be made through the Council, even though there is no wider commitment to the schemes in financial terms.
- 1.4 The scheme at Bootle would look to assess the feasibility of providing a biomass heating scheme to serve community facilities in the village including a pool, school, social housing, a nursery and doctors surgery, with the dual aim of reducing the carbon footprint of the village and reducing heating costs in a village with high levels of fuel poverty.

## **2. DISCUSSION**

- 2.1 Given the bidding process, funding from DECC is made via the Council, with related Memoranda of Understanding ring fencing and seeking control over the use of funding. The form and detail of the MoU in the previous bidding round prompted some concern from the Council's legal and S151 officers who wished to ensure that the Council did not agree to oversight of financial control of sums of money passed to other parties to utilise. A short, formal agreement with BEC was drawn up to transfer responsibilities and to ensure governance over the process. Given the need to complete processes to secure funding within the last financial year this matter had to be conducted quickly and members were updated of actions taken under the Urgent Business Applications process through a report to Full Council on 10 April 2014
- 2.2 As a consequence of greater awareness of process and the requirements of DECC, members can now be provided with the opportunity to confirm acceptance of the approach and governance previously adopted, (the MoU and agreement with BEC), to acknowledge the benefit of studies into the feasibility

of delivering heat networks as now proposed and to enable officers to exercise delegated powers should further proposals and bids be made in the future.

### **3. CONCLUSIONS**

- 3.1 There are no potential financial implications for the Council in these schemes or their funding. There is no requirement, or commitment for the Council to contribute to any match funding which may be required.
- 3.2 In order for the bids to be made to DECC applications have to be made in the name of the Council, notwithstanding that BEC officers drive the proposals. This does raise potential issues for the Council in terms of financial control and governance. The process and form of agreement with BEC is an appropriate manner to pass on financial controls, liabilities and governance to protect the Council's position on this matter

### **4. STATUTORY OFFICER COMMENTS**

- 4.1 The Monitoring Officer's comments are: Essential that mitigation of risks as described in 3.2 above are implemented prior to proceeding
- 4.2 The Section 151 Officer's comments are: The Council needs to ensure any obligations and/or risks placed upon them by virtue of receipt of funding are passed directly to BEC by the means of a suitable back to back agreement, and no acceptance of funding should be given until this is in place.
- 4.3 EIA Comments: No Comment
- 4.4 Policy Framework: No Comment

#### **List of Appendices**

None

#### **List of Background Documents:**

Report on Urgent Business Application to Council 10 April 2014  
Memorandum of Understanding DECC and CBC  
Agreement CBC and Energy Coast West Cumbria