

DECC Heat Networks Development Grant Funding – Urgent Action

EXECUTIVE MEMBER: Councillor George Clements
LEAD OFFICER: John Groves
REPORT AUTHOR: John Groves/Tim Capper

SUMMARY: To report urgent action taken in accordance with the agreed procedure to enable BEC to access funding for studies into four potential low carbon heat networks in the Whitehaven area.

RECOMMENDATIONS:

That Members note the Urgent Action and the decision to agree the Memorandum of Understanding, supported by the back-to-back agreement with BEC protecting the Council's position, to enable funding for the studies into potential heat networks to be accessed.

1. INTRODUCTION

1.1 Britain's Energy Coast have led an initiative to assess the feasibility of establishing various low carbon heat networks across the Whitehaven area. DECC have established a Heat Network Development Unit to provide advice and funding on such projects. With the support of partners in the energy sector, BEC have led on an application for the funding of study into 4 schemes in Copeland. BEC has had the opportunity to draw down DECC funding to support the studies.

2. PROPOSALS

2.1 An application for funding was required to be submitted in the name of a local authority, with funding passed to BEC who will manage the study projects. DECC have provided a Memorandum of Understanding required to support the payment of grant, and required to be submitted by 24 March. A back-to-back agreement with BEC which is acceptable to the Council's legal officers was put in place prior to the signing of the Memorandum under the urgent action procedure

3. ALTERNATIVE OPTIONS TO BE CONSIDERED

- 3.1 If the Council did not act in this manner, then the funding to enable the feasibility studies to be undertaken would be lost.

4. CONCLUSIONS

- 4.2 Members are asked to note the urgent action taken in this matter.

5. STATUTORY OFFICER COMMENTS

- 5.1 As noted on urgent action pro forma
- 5.2 As noted on urgent action pro forma
- 5.3 EIA Comments: None
- 5.4 Policy Framework: This demonstrated that the council is a strong and supportive partner

6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 6.1 See 151 comments above.

7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 7.1 Establishment of whether or not full low carbon heat networks can proceed

List of Appendices A - Completed Urgent Action

List of Background Documents:

Urgent Action DECC Heat Networks dated 11/3/14.

Urgent Business Application

Subject	DECC Heat Networks Development Grant Funding
Background	<p>Staff within BEC have led an initiative to assess the feasibility of establishing various low carbon heat networks across the Whitehaven area. DECC have established a Heat Network Development Unit to provide advice and funding on such projects.</p> <p>With the support of partners in the energy sector, BEC have led on an application for the funding of study into 4 schemes</p> <ul style="list-style-type: none">- Sourcing heat from mine water- A district heating network to serve housing areas of Kells and Sandwith- A district heat network to serve education and health facilities in Hensingham- A heat network to provide heat and power for the West Lakes Science Park. <p>The application had to be made in the name of a local authority, but it was always the intention to passport any funding to BEC who would manage the projects. There are no requirements for match funding or similar implications from the Council, although there has and would continue to be some issues for staff time to contribute to the appropriate management and administration for the use of any funding.</p> <p>Executive members were advised of this matter – particularly with reference to possible sensitivities over the use of water from local mine workings.</p> <p>The Council has recently been notified that those applications have been successful and that funding of £106k will be made available to support the feasibility studies.</p> <p>It is expected that Council officers will continue to have a role in determining the precise detail of feasibility studies and to support the appointment process of consultants and others to enable research to completed</p>
Reason for urgency	In announcing the successful application, DECC have provided a memorandum of understanding required to

	<p>support the payment of grant.</p> <p>This does place some obligations upon the Council as recipient of the grant to undertake to utilise funding against agreed criteria and to observe monitoring processes to show that this has happen. There would be potential obligation on the Council to repay the grant if DECC criteria for use had not been fulfilled. There is legitimate concern over the manner in which the MoU has been framed and the extent of potential risk in terms of monitoring and claw back provisions in particular</p> <p>It is considered that there will need to be a further agreement with BEC to ensure that these obligations are passed on from the Council alongside the grant. BEC officers have agreed to this approach and it is intended that a signed, back to back agreement – acceptable to the Council's legal officers will be in place prior to the MoU being signed</p> <p>This undertaking needs to be signed urgently to secure the funding – by 24 March 2014</p>
<p>Action taken</p>	<p>It is intended to secure an appropriate back to back agreement with DECC to limit responsibilities and liabilities falling on the Council and to ensure appropriate mechanisms can be established to monitor progress of the studies and use of funding.</p> <p>Oversight for compliance with the agreement rests with a senior responsible officer in the form of the Head of Nuclear Energy and Planning or in default the Director for Economic Growth.</p> <p>Specific provision has been made within the agreement with BEC for the Council to hold grant funding until specified targets and milestones are achieved, and only then for the SRO to agree to the release of funding in agreed tranches</p> <p>Once this agreement is in place the memorandum of understanding will be signed.</p>
<p>Officers consulted and views</p>	<p>Monitoring Officer comments:</p> <p><i>Back to back agreement with BEC as noted protects the Council's position.</i></p>

