

Finance Sub-Committee

Date of Meeting:	1 st September 2021
Report Title:	Crewe Town Centre Sustainable Heat Network
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	FSC/14/21-22
Ward(s) Affected:	Crewe Central

1. Executive Summary

- 1.1.** This report seeks permission to utilise external funding from the Future High Streets Fund and the Public Sector Decarbonisation Scheme for the delivery of the sustainable heat network in Crewe town centre.
- 1.2.** The Crewe Town Centre Civic Heat Network was included in the 2021-25 Medium Term Financial Strategy: Capital Strategy – Addendum to the Capital Programme approved by full Council on 17th February 2021.
- 1.3.** The project contributes directly to the Green aim of the Corporate Plan 2021-25 in achieving a ‘Thriving and Sustainable Place’ and supporting the commitment to being carbon neutral by 2025.

2. Recommendations

That the Sub-Committee

- 2.1.** Approve the inclusion of the Crewe Town Centre Civic Heat Network capital project (“the Project”), with a total budget of £2.727m in the main capital programme.
- 2.2.** Approve the alignment of the Capital Project for the Crewe Town Centre Civic Heat Network with the responsibilities of the Economy and Growth Committee

3. Reasons for Recommendations

- 3.1.** The addendum includes projects that have been added to the capital programme owing to their strategic importance to the Council. Work will only commence once a detailed business case has been completed and approved, the business case will also need to demonstrate the strategic impact of the scheme, an expenditure profile and funding sources or associated return on investment to enable the project to be delivered as part of the budget and policy framework.
- 3.2.** The business case for this scheme has been considered by the Capital Programme Board and the Section 151 Officer. External funding of £2.727m has been secured from the Future High Streets Fund and the Public Sector Decarbonisation Scheme, therefore the scheme is now deemed to be affordable and may proceed as part of the main capital programme.
- 3.3.** The functions of the Finance Sub Committee include the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 3.4.** The utilisation of external grants will enable to Council to deliver on a key scheme linked to the Corporate Plan objective to be carbon neutral by 2025.

4. Other Options Considered

- 4.1.** Options for the delivery of the project have been extensively analysed during project development, both from a technology and financial perspective. The final design of the scheme is optimised to provide the core of a network to both service the Cultural Quarter and have the potential to expand across the town centre. Financially, the project has been modelled with a range of funding options, including council borrowing and other loans, however due to the scale of the project it will only work if the capital expenditure is provided through grants. Therefore no other option is recommended except to deliver through the external grants sought.

5. Background

- 5.1.** Cheshire East Council has committed to becoming carbon neutral by 2025 for its own operations and to using its influence to reduce the carbon footprint of the wider borough.
- 5.2.** The proposal is to create a sustainably powered heating network among public buildings within the civic quarter of Crewe town centre. The network will be powered primarily by air source heat pumps, supported by existing and new combined heat and power (CHP) units, located at a purpose built extension to the Crewe Lifestyle Centre (which has approved planning permission).

- 5.3.** The Council’s aspiration is to deliver low-carbon energy projects to deliver cost competitive heat and power within the Town Centre. The development of a district heat network in Crewe offers potential benefits to the town. In collaboration with CEC, the main project objectives have been established as: job creation and stimulation of the local economy; and security of energy for the local authority.
- 5.4.** The other objectives of the project are providing increased stability in energy prices; supporting a growth of energy businesses and the energy economy locally and securing a decentralised and locally managed energy services.
- 5.5.** The creation of a local energy network and the realisation of the objectives noted above are supported by approved funding from the Future High Streets Fund and the Public Sector Decarbonisation Scheme. The funding breakdown is shown below.

	TOTAL £	2021/22 £	2022/23 £
CAPITAL EXPENDITURE	2,727,141	1,807,141	920,000
Funded by:			
PSDS1	150,000	150,000	
PSDS2	1,577,141	1,577,141	
Future High Streets Fund	1,000,000	80,000	920,000

- 5.6.** This project is a key part of the Carbon Neutrality Action Plan and Environment Strategy to deliver both carbon savings for Council buildings but also to act as a catalyst for wider decarbonisation of Crewe town centre. The Cheshire East Energy Framework and the Cheshire and Warrington LEP Energy and Clean Growth Strategy both reference district heating schemes.

6. Consultation and Engagement

- 6.1.** The project has consulted all relevant stakeholders through the development of the project including local ward members and potential future off-takers for the network.

7. Implications

7.1. Legal

- 7.1.1.** This report speaks to the need to approve the Project in the main capital programme. It is understood that whereas formerly this approval could be granted on the basis of a delegation to the section 151 officer given the advent of the committee system and in view of the size of the scheme committee approval is sought. This accords with the Council's constitution.

7.2. Finance

- 7.2.1.** The project is fully funded through external grants as set out in paragraph 5.5.
- 7.2.2.** A supplementary capital estimate of £14.1m was approved by Council on 22nd June 2021 for the Future High Streets Fund grant; to be invested in a range of regeneration projects in Crewe town centre between 2021/22 and 2023/24.
- 7.2.3.** The grant of £1,577,140.76 for the Public Sector Decarbonisation Scheme was accepted and approved by an urgent decision on 4th June 2021.
- 7.2.4.** The Crewe Town Centre Civic Heat Network project is listed in the Addendum to the Capital Programme, approved by Council as part of the 2021-25 Medium Term Financial Strategy.

7.3. Policy

- 7.3.1.** The project is consistent with the Corporate Plan in delivering towards carbon neutrality by 2025.

7.4. Equality

- 7.4.1.** There are no equality impacts so an Equality Impact Assessment has not been completed.

7.5. Human Resources

- 7.5.1.** There are no human resource implications.

7.6. Risk Management

- 7.6.1.** The project utilises the Council's approach to risk management and risk logs are maintained in line with best practice from the Programme Management Office. The project will be overseen by a specific working group and the Crewe Place Board.

7.7. Rural Communities

- 7.7.1.** The project will make a positive contribution to climate change, which minimises the impact on rural communities.

7.8. Children and Young People/Cared for Children

7.8.1. The project will make a positive contribution to climate change, which minimises the impact on future generations.

7.9. Public Health

7.9.1. The project will make a positive contribution to climate change, which minimises the impact on health.

7.10. Climate Change

7.10.1. The project directly contributes towards the delivery of the Council's commitment to be carbon neutral by 2025, it will also benefit the wider decarbonisation of the borough to minimise the impacts of climate change through providing a core heat network to serve Crewe town centre.

Access to Information	
Contact Officer:	Dan Griffiths, Energy & Carbon Programme Manager dan.griffiths@cheshireeast.gov.uk 07971 603093
Appendices:	None
Background Papers:	Design documents and feasibility studies are available.