

DMPC Decision – PCD 1268

Title: Public Sector Decarbonisation Scheme – Approval to Invest

Executive Summary:

The Government operates a grant funding Public Sector Decarbonisation Scheme (PSDS) to support the public sector in decarbonising its activities. The MPS has a delegated consent to bid for this funding up to a limit of £5,000,000 per site. The PSDS only funds the additional costs of decarbonising. This paper seeks approval to submit a bid for one site which has an estimated grant bid in excess of £5,000,000, and for the MOPAC funded investment needed to support the eighteen proposed bids. The estimated total cost to decarbonise the eighteen sites is estimated at between £29,400,000-£37,500,000. The potential PSDS funding is between £19,000,000-£27,000,000, leaving the “to-be-MPS funded” at between £10,400,000-£18,500,000. The MPS has confirmed the MOPAC investment is fully funded from within the existing budget.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve authority to apply for and spend grant monies up to c.£6m from the next round of PSDS funding to implement carbon reduction measures at MPSTC Gravesend, which is a much larger and complex site than other proposed schemes. Delegated authority currently sits at a cap of £5m (to apply for and spend grant monies) as per the decision PCD 1113.
2. Approve delegated authority to be granted to the Director of Property Services to spend the MPS Forward Works (FW) budget within the approved capital plan, up to a value of up to £2.5m per site, the range of which is illustrated in the costs identified in the early feasibility studies completed at this stage.
3. Approve delegated authority to the Director of Commercial Services for the procurement and award of both Consultant and Contractor contracts to undertake the design and construction of the PSDS Funded projects. All appointments will use the relevant MOPAC framework, other than those on the PFI sites, which will be delivered using the change process set out in the PFI Agreements.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Date

15-9-22

A handwritten signature in black ink, appearing to read "Spue Under", is written on a light gray rectangular background.

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. MOPAC approved a consent to the MPS to apply for and spend grant funding upto a total of £5m per site to deliver decarbonisation schemes – PCD1113.

2. Issues for consideration

- 2.1. MOPAC and the MPS, in common with all GLA group organisations, are working to support the Mayoral ambition for London to be carbon neutral by 2030.
- 2.2. The MPS has been successful in bidding for previous rounds of this decarbonisation scheme obtaining £2,700,000 of external grant funding. This has resulted in five sites obtaining support for decarbonisation.
- 2.3. The Department for Business, Energy, and Industrial Strategy (BEIS) has indicated that the window for the call for bids will open after 19 September. The previous experience is that the BEIS fund, treated on a “first come, first served” basis, is very quickly over subscribed hence the need for a decision prior to 19 September.
- 2.4. This paper seeks approval for the MOPAC funded investment to enable bids to be submitted for eighteen projects. If successful the proposed projects would address sites which produce 25% of the MPS estate’s carbon emissions.
- 2.5. The MPS will provide regular updates to MOPAC setting out the pipeline of projects and the progress in bidding for and spending any grant funding awarded.

3. Financial Comments

- 3.1. This paper seeks approval to invest between £10,400,000-£18,500,000 of capital in support of decarbonisation. The cost will be met from within the approved Capital Programme Forward Works budget. This approval will enable the submission of grant funding estimated at between £19,000,000-£27,000,000 to meet the gross estimated costs of the works of between £29,400,000-£37,500,000.

4. Legal Comments

- 4.1. The MPS Legal Services has assured that the proposed route to market is using compliant procurement framework agreements.
- 4.2. Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve business cases for revenue or capital expenditure of £500,000 or above.
- 4.3. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all requests to go out to tender for contracts of £500,000 or above.

- 4.4. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent, provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts

5. Commercial Issues

- 5.1. The goods and works to be acquired will be professional construction services such as design, and building works to implement the installation of Air Source Heat Pumps (ASHP) for heating and hot water, plus LED lighting and works to improve thermal performance of a roof.
- 5.2. The route to market will be by way of mini-competition from MOPAC-approved frameworks - Minor & Intermediate Building Works Framework and Construction Professional Services Framework.
- 5.3. The MPS assure that as part of a compliant framework call off approach to appoint the main contractor, the tender process the MPS will follow will include requesting and assessing the tenderers commitments to specific actions to address the London Anchor Institution Charter (LAIC) objectives, including encouraging the use of London supply chain specific initiatives including: apprenticeship levies; adherence to modern slavery and London Living Wage obligations, and financial commitment to MET charities (Givewith).

6. GDPR and Data Privacy

- 6.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work with or on behalf of MOPAC are fully compliant with the policy and understand their GDPR responsibilities.
- 6.2. The MPS assure that the project does not use personally identifiable data of members of the public and so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2. The MPS assure that there are considered to be no negative equality or diversity implications arising from this process negating the requirement to present any mitigation. Any approved suppliers will be evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as suppliers to MOPAC.

8. Background/supporting papers

- Appendix 1 MPS Report - Net Zero Carbon PSDS Funded Projects

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are covered in the body of the report.

✓

GDPR/Data Privacy

GDPR compliance issues are covered in the body of the report .

✓

Drafting Officer

Alex Anderson has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The interim MOPAC Chief Finance Officer and Director of Corporate Services has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Sanakucherd.

Date 15-9-22

Net Zero Carbon PSDS Funded Projects, BJP

MOPAC Investment Advisory & Monitoring meeting via **PIB EXTREMIS**

Report by Vince Fihosy on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

This Business Justification concerns the 18 (no.) projects MPS are submitting to the next Public Sector Decarbonisation Scheme (PSDS) funding round, to enable delivery of the NZC works which will decarbonise the buildings and achieve a further 25% reduction in the MPS Estates carbon emissions.

In February 2022 (PCD 1113) the Deputy Mayor approved a delegation of authority to the MPS Director of Estates and the MPS Chief Finance Officer (CFO) to be able to apply for up to £5m per project of grant through the PSDS process. That grant is based on funding the increased cost over and above a normal gas to gas boiler replacement to a fully electric heat pump. The approved delegation, however, does not apply to the base spend for the MPS component of the project costs (ie the amount we would have spent for a gas for gas project). In 14 of the 18 projects the base spend exceeds £0.5m and as a result, whilst being fully budgeted within the Forward Works programme, authority is required to proceed with the spend and, therefore, to apply for the grant. Additionally, on one project the grant funding we are seeking from the PSDS application exceeds the £5m delegated authority limit established in decision PCD1113. This paper sets out the projects, our approach, and requests approval to spend the base money funded from within existing MPS budgets, along with grant funding, to deliver the projects aligned to the MPS NZC Strategy.

Please note the sign off deadline for this paper is the 19th of September, please see time sensitivity paragraph below. The funding application window will open at a point after the 19th Sept, award of grants should be notified in November and the delivery of the projects must complete within the funding window (March 2024 for 1 year projects March 2025 for 2 year projects).

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

- 1. Approve authority to apply for and spend grant monies up to c.£6m from the next round of PSDS funding to implement carbon reduction measures at MPSTC Gravesend, which is a much larger and complex site than other proposed schemes. Delegated authority currently sits at a cap of £5m (to apply for and spend grant monies) as per the decision PCD 1113.**
- 2. Approve delegated authority to be granted to the Director of Property Services to spend the MPS Forward Works (FW) budget within the approved capital plan, up to a value of up to £2.5m per site, the range of which is illustrated in the costs identified in the early feasibility studies completed at this stage.**

3. **Approve delegated authority to the Director of Commercial Services for the procurement and award of both Consultant and Contractor contracts to undertake the design and construction of the PSDS Funded projects. All appointments will use the relevant MOPAC framework, other than those on the PFI sites, which will be delivered using the change process set out in the PFI Agreements.**

Time sensitivity

A decision is required from the Deputy Mayor by 19 September 2022. This is to match the grant application/ funding round timeline mentioned in the Executive summary and Recommendation

1. This paper was handled via the MPS **PIB Extremis** assurance route in advance of MOPAC review, with timeline advice provided to MPS Finance and Strategy Senior Leads in advance of their approval.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. This paper outlines the projects being taken forward under the PSDS Grant Funding application to decarbonise the buildings as agreed by Management Board in June 2022. This paper details the grant monies being applied for, and the MPS 'spend' required to be allocated from the existing capital plan. The PSDS application window is expected to open in mid-September and we have been given only one month's notice of the details of the grant conditions. The process linked to the grant conditions requires the MPS to have sought approval to spend the money and deliver the projects, in advance of submitting the grant application, therefore it is critical to obtain a decision within 2 weeks of submission of this paper via the **PIB extremis route**.

Issues for consideration

2. Our experience to date has shown that the PSDS application process has a number of significant nuances. These include:

- **Very little notice is given prior to the grant application going live;** therefore the preparation work has started to compile the information (cost, design and programme) for the 18 (no.) projects, which is being funded via existing budgets within the capital plan
- **Funding is limited and provided on a first come first served basis - amount of funding is not known;** each application process requires significant work in order to meet the required level of detail to be awarded grant funding. Additional resource has been stood up to develop the feasibilities, prepare the documentation for the application, and to complete the comprehensive submissions required for the application. The cost of the supporting resource will be included in the grant application value.
- **Grant funding is required to be spent within one or two financial years** (only 20% of the funding available to apply for is available to projects spanning two financial years); full feasibility studies have been commissioned to develop the high level Energy Survey information into a Stage 2 Design. Projects have been prioritised to ensure deliverability within the funding window being applied for (a number of projects will fall into the two year funding window application; the grouping of the projects has been detailed further in the paper). Those with long programme durations (due to size or complexity) will require design development to Stage 4 prior to the start of the financial year. The cost of this design work will be included in the grant application but is not guaranteed to be reimbursed to the MPS if any of the grant applications are unsuccessful. In such a circumstance, the costs will be allocated from the Forward Works budget.

- **It should be noted that the combined MPS and grant funding spend will in some cases exceed the £5m delegated authority for spending grant funding** As an example a project may involve £4m of grant funding and £2m MPS budget spend; whilst each head of spend may be within the delegated authority levels, the combined total spend may even exceed the £5m approval for grant monies (PCD 1113).

3. The resource and design work being completed to support both the grant application process, and the design work required to enable the projects to be delivered within the funding period, may not be reimbursed. In such a circumstance, the costs will be allocated from the FW budget.

4. Of the 18 (no.) projects identified for submission to the round 3b PSDS grant funding;
- 13 (no.) projects may exceed the delegated authority level to spend MPS money (>£500k);
 - 1 (no.) project exceeds the delegated authority level to spend MPS money (>£500k) and the delegated authority level to apply for and spent grant money (>£5m);
 - 4 (no.) projects which fall under the delegated authority level (<£500k) which do not require approval.

2.

Contributes to the MOPAC Police & Crime Plan 2022-25¹

5. The Mayor wants London both to be a safer city and for Londoners to feel safer. To deliver this vision the Police and Crime Plan sets out some key areas for action which include: Reducing and preventing violence; Increasing trust and confidence; Better supporting victims. The Mayor has also set an ambition to achieve net zero carbon by 2030. This paper outlines the projects being taken forward under the PSDS Grant Funding application to decarbonise MPS buildings. These buildings, across the MPS estate, provide a supportive working environment for staff who strive towards ensuring Londoners are kept safe whilst delivering their various essential duties.

Financial, Commercial and Procurement Comments

6. The Met component of the projects will cost up to c. £18.3m and this is currently in the budget, and will be funded from the Forward Works budget line. This will enable MPS/MOPAC to leverage additional funding up to c. £27m of central Government grants, to enable the additional works required to fully decarbonise the buildings, currently unfunded.

7. The proposal is, therefore, fully affordable within existing budget approvals. Should the application for the grant money be unsuccessful, only the planned FW project scope will be delivered and the year of spend will revert back to the original spending profile. The completion of these projects will address 25% of the Met Estates carbon emissions.

8. MPS has been awarded £2.7M of PSDS grant funding, and delivered projects worth £800k during 2021/22. These amounts could be significantly higher and MPS now has the opportunity to take advantage of PSDS Phase 3b due to open September 2022.

Table 1. PSDS applications to date

	Applied for	Achieved
Phase I – Not able to submit an application due to governance timescales		
Phase II – submitted and awarded		
Gipsy Hill	£280,375	£280,375
Keston	£276,530	£276,530
Walworth	£324,869	£324,869
Total	£881,774	£881,774
Phase III – Submitted and awarded. Required PIB extremis approval to meet application deadline		

Brixton	£663,300	£663,300
Gilmour House	£1,152,787	£1,152,787
Total	£1,816,087	£1,816,087

9. Contribution to the London Anchor Institutions' Charter²: As part of a compliant framework call off approach to appoint the main contractor, the tender process the MPS will follow will include requesting and assessing the tenderers commitments to specific actions to address the LAIC objectives. The appointment of both main contractor and consultant will include specific commitments in regard to MOPAC's social value objectives including those related to COVID-19 recovery. Performance against these will be assessed as part of the ongoing framework management approach. The contracts will encourage the use of London supply chain specific initiatives including: apprenticeship levies; adherence to modern slavery and London Living Wage obligations; financial commitment to MET charities (Givewith).

Legal Comments

10. The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contracts exceed this threshold for all 18 projects.

11. MOPAC's proposed route to market is to use compliantly procurement framework agreements. On the basis the ordering processes for the framework agreement are followed, the proposed award will be compliant with the Regulations.

12. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:

- Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
- All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13). Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

Equality Comments

13. As this paper is related to the financial requirements of the NZC PSDS projects, there are considered to be no negative Equality or Diversity implications arising from this process negating the requirement to present any mitigation at this stage. Any approved suppliers will be evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as suppliers to MOPAC. The evaluation exercise will consider their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.

14. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Inclusion, Diversity and Equality, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

Privacy Comments

15. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

16. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.

17. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project its compliance requirements.

18. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

19. This is a Property Services Directorate authored and owned proposal. Real Estate implications are outlined throughout the proposal.

Environmental Implications

20. This project directly contributes to delivering the Mayor's London Environment Strategy³. The Mayor of London has introduced a new policy to make London Net Zero Carbon by 2030 (from the legal requirement of 2050). As a result, all carbon related lifecycle works (such as boiler and window replacements, fabric improvement etc.) would ideally need to accelerate from a 28 year plan to delivery within the next eight years. The Public Sector Decarbonisation Scheme (PSDS) provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures – this is to provide **top-up funding over and above existing expenditure only** to pay for more expensive non-fossil fuel technology.

21. Reflecting the importance of the public sector's role in meeting the government's commitment to net zero by 2050, the Net Zero Strategy and Heat and Buildings Strategy confirmed that the next phases of the Public Sector Decarbonisation Scheme (PSDS) has budgeted in the last Spending Review that the public sector will receive £1.425 billion of funding over the period 2022/2023 to 2024/2025. The next application window is expected to be in September 2022 (£0.47bn).

22. This paper outlines the projects, approach and work required by MPS to target up to c. £27m of the available grant funding in this application window plus the same again next year. It seeks approval for those projects where by the MPS spend exceeds the delegated authority level, and seeks approval to apply for grant funding over the £5m delegated authority level for Gravesend.

Background/supporting papers

23. NONE

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Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of the NZC PSDS Funded Projects, BJP is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant section under the FOIA that would exempt this information from disclosure:
 - Commercial Interest Section 43

The publication of the Part 2 to be deferred until after the related award notification. The current timeline which applies is mid-November 2022.