

## RECORD OF EXECUTIVE DECISION

Tuesday, 18 April 2023

**Decision No:** (CAB 22/23 37424)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Economic Development
SUBJECT:	Corporate Assets Decarbonisation Scheme (CADS) phase 2 - approval to spend
AUTHOR:	Jason Taylor

### THE DECISION

- (i) Cabinet approves spend on Phase 2 of CADS of £0.95M, currently budgeted within the existing Place capital programme for financial year 2023/2024.
- (ii) Cabinet approves a revenue saving of £0.13M from the corporate energy budget, from 2024/25 onwards, which will more than cover the additional costs identified below.
- (iii) Cabinet approves the additional budget of £0.03M in 2023/24 and £0.067M from 2024/25 onwards for financing costs, to be added to the existing Capital Asset Management (CAM) budget. Capital financing was previously removed from the MTFs - pending the business case and confirmation the costs would be covered.
- (iv) Cabinet approves the budget of £0.004M from 2029/30 onwards for the additional maintenance cost of the Solar PV units.
- (v) Cabinet delegates authority to the Head of Corporate Estate and Assets following consultation with the Head of Supplier Management, to finalise any specific terms of the proposed contracts outlined within this paper, then award and enter the call off contract under the relevant framework agreement, and carryout all necessary actions to facilitate the execution, implementation and operation of the contracts.

### REASONS FOR THE DECISION

1. CADS 2 will largely include Solar PV panels and LED lighting upgrades, along with ancillary works, and these technologies provide a proven return on investment and carbon reduction within the Council's corporate assets. This aligns with the Council's 2030 Net Zero Carbon ambitions.
2. The Council's existing CADS 1 building works are being undertaken under contract with our external project management resource (Faithful & Gould consultancy) and delivery partner (Npower Commercial Gas Limited). These

contracts will end once the CADS 1 buildings works are completed early financial year 2023/24. Therefore, new contracts will need to be procured for CADS 2.

3. The recommended option outlined within this report and project assessment documentation provides a business case based on energy cost savings, a compliant route to procurement, along with the full range of services, cost effectiveness and quality sought by the Council.

4. The CADS Programme aims to support the ambitions of the Council's Green City Plan and support the ambition of a Net Zero carbon footprint for the corporate buildings and operations by 2030, along with reducing the costs and risk associated with the rising price of energy.

### **DETAILS OF ANY ALTERNATIVE OPTIONS**

Option 1 – Do Nothing: The Council opts to not attempt to honour its Net Zero ambition by 2030 for its corporate assets. The sole benefit of this approach is the avoidance of capital expenditure. This option offers a short-term reduction in financial pressures by avoiding capital expenditure but does not begin to address the continued vulnerability of the Council to future energy price volatility and increases. Additionally, the Council will likely face public scrutiny for not attempting to meet its Net Zero commitments under the Green City Charter.

Option 2 – Offset: Instead of a capital investment programme as a means of meeting its Net Zero ambitions, the Council opts to purchase carbon offsets as a means of obtaining Net Zero status by 2030. Current projections and estimates suggest that by 2030 the Council is projected to emit 7,900 tCO<sub>2</sub>e in 2030 under a business as usual scenario (a 21% reduction from its current emissions due to the projected decarbonisation of the national grid). This is projected to cost the Council approximately an additional £0.4M in carbon offsets to obtain Net Zero certification per annum from 2030 onwards. This approach provides no tangible benefit to the Council or Southampton as a city outside of the net zero certification and continues to leave the Council vulnerable to increased energy prices.

### **OTHER RELEVANT MATTERS CONCERNING THE DECISION**

None

### **CONFLICTS OF INTEREST**

None

**CONFIRMED AS A TRUE RECORD**

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 18 April 2023

Decision Maker:  
The Cabinet

Proper Officer:  
Judy Cordell

**SCRUTINY**

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council’s Scrutiny “Call-In” provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*