

Appendix 1 PSDS Phase 4 Works

Meeting	Officer Delegated Decision Notice
Date	16/05/2025
Item No. & Title	Council Building Heating Decarbonisation Programme - PSDS Phase 4 Works

1. Financial Implications

- 1.1 There are financial implications to be considered as part of the proposed decarbonisation works, these are a mix of one-off capital project costs, implications on the Council's future energy costs. This appendix details the financial implications associated with the key aspects of the Council's proposed decarbonisation works relating to the installation of air source heating and energy efficiency measures.
- 1.2 The PSDS grant is paid in arrears, so any expenditure not undertaken by 31st March 2026 will not be claimable from Salix (PSDS grant administrator). Grant funded works will therefore be prioritised over those planned to utilise Council allocated funding.

Capital Costs

- 1.3 It is proposed that the following decarbonisation and energy efficiency works are carried out to four of the Council's operational buildings, to reduce their carbon impact:

Building	Technology - Work Type	Description	Cost (£)	Annual Gas Savings (kWh)	Annual Elect Savings (kWh)	Annual Financial Impact (£)
115 Middle Lane South	Cavity wall insulation (CW)	Cavity Wall Insulation	£2,600		1,855	-£91

	Air source heat pump (air-to-air) (HP)	High Temperature Air Source Heat Pump for Space Heating	£25,850	10,484	-2,291	£2
	Solar PV	Solar PV	£1,800		493	-£112
Springwell Garden	Electric boiler	Direct Electric Domestic Hot Water (DHW) Replacement	£1,600		969	£627
	Air source heat pump (air-to-air) (HP)	Air Source Heat Pump for Space Heating	£134,500	92,579	-16,022	-£841
	Cavity wall insulation (CW)	Cavity Wall Insulation	£13,400		7,266	-£358
	LED - new fitting	LED Lighting	£5,000		2,918	-£678
	Solar PV	Solar PV	£5,600		3,110	-£722
Swinton CSC & Library	Air source heat pump (air-to-air) (HP)	Air Source Heat Pump for Space Heating	£98,100	45,000	-8,575	-£226
	LED - new fitting	LED Lighting	£9,900		1,221	-£284
	Solar PV	Solar PV	£5,500		3,361	-£781
Children's Home Peacock Lodge	Air source heat pump (air-to-air) (HP)	Air Source Heat Pump for Space Heating	£25,850	45,000	-11,539	£190
	Solar PV	Solar PV	£4,100		2,001	-£534
			£333,800	193,063	-15,233	-£3,808

Project Costs	£333,800
Fees (Design Team)	£50,070.00
Contingency	£33,380.00
Project Total	£417,250.00
Corporate Fees (1%)	£4,172.50
Total	£421,422.50

1.4 The work is expected to cost approximately £421,422.50 in total, which will be funded from a combination of PSDS grant of £265,000 and a Council contribution of £156,422.50. The Council contribution will come from Capital funding for the operational building decarbonisation programme (total Capital budget of £6.4m). All costs for works are estimated and subject to procurement and as such there is an element of risk in the cost estimates. However, the Council's decarbonisation programme of £6.4m is available to support potential increased costs following the procurement process should it be required. The grant application does include a capital contingency of £27,200 (~8.15% of the Decarbonisation project £333,800), however, it is prudent to include a further 10% given challenges in the market to be funded from the Council's decarbonisation programme which equates to £33,380, this will cover potential project implications that are outside of the decarbonisation project. Additionally, a budget allocation for the design and delivery has been factored into the scheme of £40,700. This is not expected to cover the internal design team fees of 15% which would be on top of the project costs and are calculated at £50,070, this is not covered as part of the PSDS bid, but some of it can be allocated if there is room with the budget.

1.5 The table below summarises the projected capital costs per element of the project:

Projects (£)	115 Middle Lane South			Springwell Garden					Swinton CSC & Library			Peacock Lodge		Totals (£)
	HP	CW	PV	HP	CW	DHW	PV	LED	HP	PV	LED	HP	PV	
Design	2,100		200	11,000			400	450	8,000	400	900	2,100	300	25,850
Equipment	9,700	2,000	800	54,500	10,400	1,100	2,700	2,000	49,300	2,500	3,800	9,700	1400	149,900
Install	2,850	400	500	7,600	2,000	500	1,800	1,900	6,100	1,900	39,00	2,850	300	32,600
Delivery	1,100		100	6,000			200	250	4,000	200	500	1,100	1,400	14,850
Enabling	8,000			44,400					22,700			8,000	300	83,400
Contingency	2,100	200	200	11,000	1,000		500	400	8,000	500	800	2,100	400	27,200
TOTAL	25,850	2,600	1,800	134,500	13,400	1,600	5,600	5,000	98,100	5,500	9,900	25,850	4100	333,800
Project	30,250			160,100					113,500			29,950		333,800
Fees (DT) 15%	4,538			24,015					17,025			4,492		50,070
Contingency 10%	3,025			16,010					11,350			2,995		33,380
Corporate Fees 1%	378.13			2,001.25					1,418.75			374.37		4,172.50

1.6 The table below summarises the technologies to be installed across the properties for the project:

Description of Work					
Building	Decarbonisation of the heating systems	Cavity wall Insulation	Building Energy Management System	LED Lighting	Solar PV
115 Middle Lane South	X	X			X
Springwell Gardens	X	X	X	X	X
Swinton CSC & Library	X		X	X	X
Children's Home Peacock Lodge	X		X		X

1.7 The table below summarises the capital costs breakdown between Council and PSDS funding across the four properties:

Site	Capital		
	Project	PSDS	Council
115 Middle Lane South	£30,250	£17,400	£12,850
Springwell Garden	£160,100	£149,500	£10,600
Swinton CSC & Library	£113,500	£98,100	£15,400
Children's Home Peacock Lodge	£29,950	£0	£29,950

Fees (Design Team) 15%	£50,070	£0	£50,070
Contingency 10%	£33,380	£0	£33,380
Corporate Fees 1%	£4,172.50	0£	£4,172.50
Totals	£421,422.50	£265,000	£156,422.50

Revenue implications

- 1.8 It is estimated that the proposed energy efficiency projects, and on-site generation are expected to generate efficiency savings. The heat decarbonisation works reduce the gas consumption to zero, which in turn will increase in electrical consumption, but this will be offset by the PV generation on-site, therefore, it is expected that there will be an overall reduction in the Council's utility costs at these buildings.
- 1.9 The table below summarises the existing energy revenue and the projected based on the expected site consumption profile of that property type and size:

Site	Projected Revenue Costs	
	Existing	Post Project
115 Middle Lane South	£1,938.42	£1,737.42
Springwell Garden	£10,207.07	£8,235.07
Swinton CSC & Library	£6,232.15	£4,941.15
Children's Home Peacock Lodge	£4,408.87	£4,064.87
	£22,786.50	£18,978.50
	<i>Annual Saving based on current energy rates</i>	<i>-£3,808.00</i>

- 1.10 Calculating the financial implication of this proposal on the Council moving forward with the replacement of the current gas boilers with air source heating at these premises with any certainty is challenging. As the future projections for energy prices is complex and even more difficult given the recent global political tensions that are still being felt within the wholesale energy markets. Therefore, it is important to note that the Council is unable to control how costs may increase year on year regarding

gas and electricity prices. It is also not clear what will happen moving forward with regards to non-commodity energy charges and if taxation/penalties will be loaded on the gas rates to incentivise the transition to heat pumps away from gas boilers.

- 1.11 Three of the sites have installed gas boilers that are reaching the end of their life and will need to be replaced/upgraded within the next few years at an estimated like-for-like replacement cost of £17,400. Peacock Lodge is not end of life but due to the timeframe of the delivery program that is required to reach NZ30, it is prudent that this is undertaken to start delivering on the council's decarbonisation journey. The Estimated cost for like-for-like replacement of Peacock Lodge is ~£2,400. As mentioned in the main report, these sites do not payback the capital investment but have been chosen due to their compliance with the grant terms and conditions, therefore maximising usage of the Council's decarbonisation capital budget.
- 1.12 Installation of air source heating will significantly reduce the carbon emissions from buildings, with an estimated annual direct reduction of 30 tonnes CO₂ per annum from low carbon heating systems and energy efficiency measures. This reduction will increase further as the Governments plans to decarbonise the grid are achieved in the future through the development and utilisation of low carbon electricity generation sources.