

Heat Network Feasibility Study – Andover Town Centre

Report of the Strategic Regeneration and Partnerships (North) Portfolio Holder

Recommended:

That the Heat Network Feasibility Study (Andover town centre) project be incorporated within the Planning Policy & Economic Development Service budget for 2023/24.

SUMMARY:

- The Council has been successful in securing government funding to contribute towards the cost of exploring the feasibility of a heat network in Andover town centre as part of the regeneration proposals.
- The report recommends that the Heat Network Feasibility Study project be incorporated within the Council's budget.

1 Introduction

- 1.1 The purpose of this report is to recommend the incorporation of the funds to undertake a heat network feasibility study for Andover town centre into the revenue budget for 2023/24.
- 1.2 The report is needed because the value of the total expenditure is above the maximum amount delegated to officers with the Council's Financial Procedure Rules.

2 Background

- 2.1 Heat networks distribute heating or cooling from a central source(s) to a variety of buildings, so as to avoid the need for heat sources for each premises. They can present an opportunity to use local sources of low carbon heat, including those that may otherwise go to waste. They are normally dependent on relatively dense clusters of energy users that incorporate an anchor load – this is a building with a consistently high energy use such as a swimming pool or hospital.
- 2.2 As part of the evidence for the forthcoming local plan a study was commissioned to investigate renewable and low carbon energy in the borough. This study indicated there may be an opportunity for a heat network within Andover town centre.

- 2.3 In light of an opportunity to secure external funding, an application was submitted to the Heat Network Delivery Unit (HNDU) in December 2022 for budget to undertake a technical and economic feasibility assessment for a heating network in Andover town centre. In March 2023, HNDU confirmed the Council had been successful with the application for funding and had secured £97,220.
- 2.4 Given the scale of the funding received and in order to make progress with the feasibility assessment it is recommended that this fund is incorporated within the Council's revenue budget 2023/24.

3 Corporate Objectives and Priorities

- 3.1 Securing the funding allows the Council to explore opportunities to develop a decarbonised heat network through a local energy source for existing and future developments of Andover Town Centre. This allows progress to be made with both the regeneration of Andover Town Centre and delivery of the masterplan as well as being in line with the Council's ambition in achieving carbon neutrality. This links to the Corporate Plan 2023-27 strategic priorities for sustainability, prosperity and environment.

4 Consultations/Communications

- 4.1 The Council's success in securing the funding has already been announced. As work progresses and the outcomes known this could be shared with key partners and the wider community at the appropriate time.

5 Options

- 5.1 The option is to consider whether to incorporate the heat network feasibility study within the Planning Policy & Economic Development service budget, or not.

6 Option Appraisal

- 6.1 The heat network feasibility study is a scheme that would enable the potential of such a network to be explored. The government funding is to be spent within the 2023/24 financial year. Incorporating the funds to undertake this work within the budget will enable the project to progress in a timely manner. This is the preferred approach.
- 6.2 Not approving the expenditure for the heat network feasibility study would mean that expenditure on this project could not be committed.

7 Risk Management

- 7.1 An evaluation of the risks indicates that the existing controls in place mean that no significant risk have been identified at this time.

8 Resource Implications

- 8.1 The Council has secured funding of £97,220 towards the cost of undertaking the feasibility assessment and project management support (approximately £10,300 of the total figure).
- 8.2 The Council will provide part funding of £18,100 towards the cost of the feasibility assessment. This budget can be sourced from existing Regeneration Reserve balances and was committed via the delegated powers of the Head of Planning Policy & Economic Development, in consultation with the Head of Finance & Revenues when the original bid was submitted.
- 8.3 Despite the high value, feasibility projects are inherently revenue in nature, so this will be a revenue project within the Planning Policy & Economic Development service.
- 8.4 The additional income and expenditure are unbudgeted and therefore need to be included in the Council's budget to enable the project to proceed. The maximum virement value that can be approved by officers is £50,000 and therefore the report recommends that Cabinet approve the expenditure on the project, to be funded by the government grant and Council contribution, as discussed above.

9 Legal Implications

- 9.1 The recommended option will enable the project to proceed in accordance with the requirements of the funding agreement from the government.

10 Equality Issues

- 10.1 No equality issues arise as a result of the subject matter of this report.

11 Other Issues

- 11.1 Community Safety – no specific impacts.
- 11.2 Environmental Health Issues – no specific impacts.
- 11.3 Sustainability and Addressing a Changing Climate – the feasibility study will explore the potential for a heat network, using low carbon energy sources, for Andover town centre. This work aligns with the Council's Climate Emergency Action Plan.
- 11.4 Property Issues – the area being considered through the feasibility study will incorporate assets owned by the Council, including the Chantry Centre and Andover Leisure Centre. At present, the study is considering the feasibility of a heat network only.
- 11.5 Wards/Communities Affected – Andover St Mary's Ward.

12 Conclusion

- 12.1 The Council has been successful in securing government funding to contribute towards the cost of exploring the feasibility of a heat network in Andover town centre. This report recommends the inclusion of this funding within the revenue budget in 2023/24 to enable the assessment to progress in a timely manner.

<u>Background Papers (Local Government Act 1972 Section 100D)</u> Climate Emergency Action Plan (2020) Test Valley Renewable and Low Carbon Energy Study (2020)			
<u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
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