



WORTHING BOROUGH  
COUNCIL

Worthing Joint Strategic Sub-Committee  
6 March 2023

Key Decision [Yes/No]

Ward(s) Affected:  
Cabinet Portfolio: Climate Emergency

## Worthing Heat Network

**Letting of contract to design, build, fund, operate and maintain a low carbon heat network for Worthing Town Centre and agreement to enter into heat supply and connection agreements for WBC estate.**

**Report by the Director for Digital, Sustainability & Resources**

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## Executive Summary

### 1. Purpose

- 1.1. To update members on work undertaken since March 2022 on the Worthing Heat Network, during which time the procurement exercise has been completed that has identified Pinnacle Power as the preferred organisation to become the council's concessionaire partner.
- 1.2. Subject to approval, Pinnacle Power will fund, design, build, operate and maintain a new, low carbon heat network for Worthing Town Centre that is estimated to save 55,000 tonnes of CO2 within the first fifteen years of operation.
- 1.3. The report sets out information about:
  - the procurement exercise,
  - the preferred bidder's solution

- the contractual elements of the procurement
- funding arrangements
- next steps

1.4. Additionally, the report outlines a successful Public Sector Decarbonisation Scheme bid for £2.47m that will support the council in delivering enabling works to its estate in order to ensure that its town centre estate connects to the heat network efficiently.

## **2. Recommendations**

Members are recommended to:

- 2.1. Note the progress in the report below
- 2.2. To delegate to the Director for Digital, Sustainability & Resources authority, in consultation with the Executive Members for Resources and the Climate Emergency to:
- Negotiate final terms and enter into the Concession Agreement on behalf of Worthing Borough Council
  - Negotiate and enter into the Connection Agreement and Heat Supply Agreement for all Worthing Borough Council buildings listed at Section 4.25
  - Negotiate and let any contracts associated with the Public Sector Decarbonisation Scheme funded programme of works, providing the same are within the approved budget.
- 2.3. To recommend to Council approve an amendment to the General Fund capital programme budget of £7,454,490 funded as follows:
- £2,473,625 from the Public Sector Decarbonisation Scheme
  - £5,005,230 from additional prudential borrowing
- 2.4. To approve a budget virement of £255,000 HNIP funding. As outlined at 6.2, this will be used to support the procurement and contract work associated with the project.

- 2.5. To approve and authorise the appointment of Worthing Borough Council as the golden shareholder in the Special Purpose Vehicle as set out in this report and to authorise the Chief Executive Officer or their delegated nominee, in consultation with the Leader of the Council to take all actions and make all decisions required of the golden shareholder under the contractual arrangements with the appointed concessionaire.

### **3. Context**

- 3.1. The opportunity for a heat network (HN) on the Worthing Civic Quarter Site was identified by the council's Carbon Neutral Plan as the most economic and efficient way to reduce carbon emissions from heating in key council owned civic buildings in Worthing.
- 3.2. The Plan identified that the decarbonisation of heat is a key challenge in achieving the councils' 2030 carbon neutral target for its own estate. Heat is equally challenging in meeting the council's town-wide net zero 2045 target.
- 3.3. Heat Networks are a core tenet of the UK Strategy to decarbonise heat supply in the UK. They are utility-level infrastructure that consist of buried pre-insulated pipe that transports hot water from an Energy Centre to customers. Heat can be generated at the Energy Centre via a variety of technologies, which provides additional resilience to supply whilst also benefiting from the ability to add in additional generation assets in future, further lowering carbon emissions with little-to-no effect on customers.
- 3.4. The Committee on Climate Change estimates that heat networks could provide up to 20% of UK heating demand by 2050, with the overwhelming majority of this in urban areas.
- 3.5. CIBSE research has shown that district heating has a lower embodied carbon footprint than almost all alternative heating and hot water solutions<sup>1</sup>

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<https://www.cibse.org/knowledge-research/knowledge-portal/am16-heat-pump-installations-for-multi-unit-residential-buildings>

- 3.6. Following developments previously discussed at Committee in 2021 and 2022, the project aims to deliver a Heat Network initially focusing on the public sector estate and new developments in Worthing Town Centre (Appendix 1), with significant opportunity for growth in due course.
- 3.7. The investigation of this opportunity is a key initiative for the council, as set out in Worthing Council's New Economic Principles (Dec 2022). It will also assist the council in delivering a fair transition to net zero by 2045, a commitment made under the *Thriving Environment* Mission of *Our Plan*. The project is also referred to in the [Greater Brighton Energy Plan 10 Pledges](#) and in the Coast2Capital Local Enterprise Partnership's Energy Strategy Action Plan: [Energy South2East](#). Worthing Council's Fair, Green and Local principles are well served by this major project.
- 3.8. The council has received a significant contribution of finance and expertise from the government to develop the Worthing Heat Network project. This includes:
- The Head of Finance and Commercial for Heat Networks from the Heat Network Development Unit, (HNDU) providing commercial and technical support to the project, including drafting of the Outline Business Case.
  - Four rounds of HNDU funding, totalling £295,912 to appoint technical, project management, commercial and legal consultancy services
  - Additional funding from the Low Carbon Skills Fund (£109,800) and Greater South East Energy Hub (£38,160) to conduct further technical assessment
  - £5.383m of Heat Network Investment Programme (HNIP) funding, consisting of:
    - Two awards of £950,000 and £255,000 grant funding for Commercialisation (see 6.2)
    - £3.158m grant monies for Construction; plus
    - £1.275m loan funding (at 0.01% interest) for construction.
  - Two awards of £585,000 (in 2021/22) and £2.474m of Public Sector Decarbonisation Scheme (PSDS) funding to deliver enabling works within WBC buildings (see section 5)
- 3.9. The Heat Network Commercialisation stage has been in process since Autumn 2021, with the project team working with partners to conduct

the procurement exercise that will identify the best provider to deliver the Worthing Heat Network.

- 3.10. The Government launched the [Public Sector Decarbonisation Scheme](#) (PSDS) in 2020. This is a £1bn capital fund aimed at installing measures to replace fossil fuel heating systems with low carbon alternatives on the public sector estate.
- 3.11. PSDS funding rounds are held annually, with Worthing Borough Council receiving £585k of PSDS funding in 2021/22 to deliver energy reduction measures across the Town Hall, Assembly Hall and Portland House.
- 3.12. The delivery of the heat network has also delivered ways for other organisations, such as Worthing Hospital, to decarbonise their estate.
- 3.13. The remainder of this report sets out progress made to date and outlines next steps for the council, specifically the:
  - Appointment of the concessionaire partner
  - Heat Supply and Connection Agreements
  - Acceptance of PSDS-funds to deliver significant enabling works prior to connection of the heat network
  - Engagement with other public sector partners

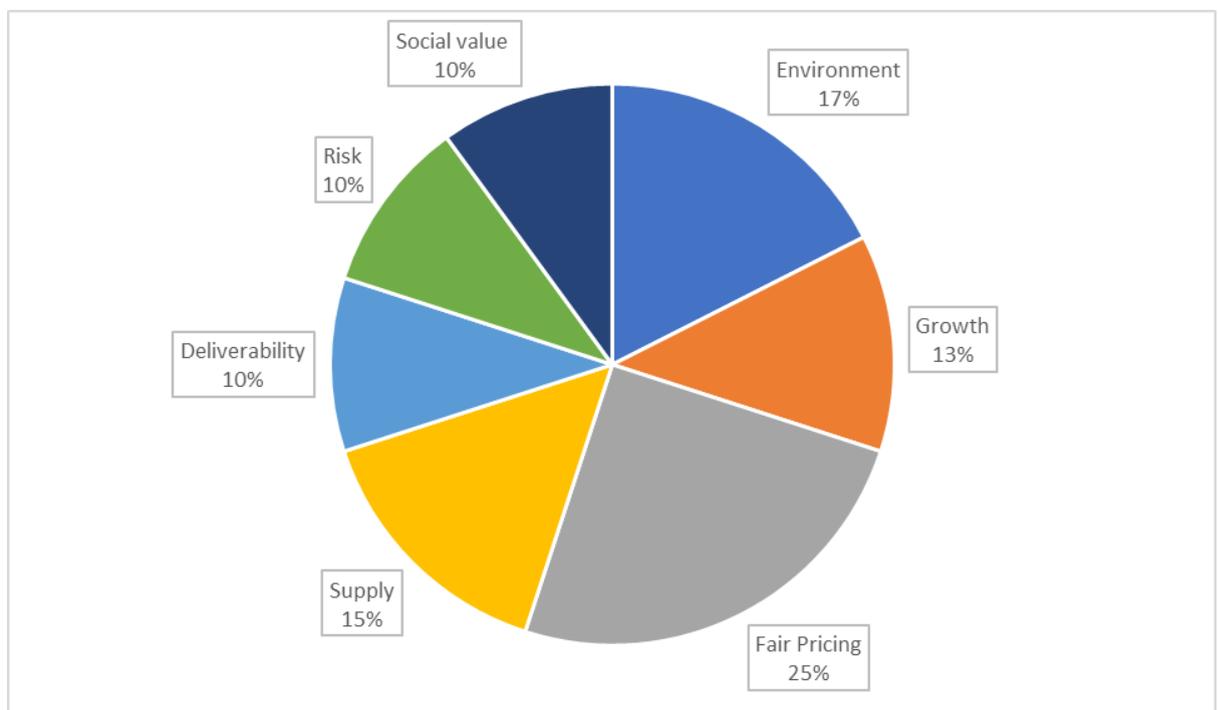
## **4. Heat Network Procurement**

### **AIMS & PROCESS**

- 4.1. The principal aim of the procurement exercise was for the Council to procure a Concessionaire partner to fund, design, build, operate and maintain the Worthing Heat Network. This will be managed through a Corporate Concession Agreement. Bids were assessed by an evaluation on a 'most economically advantageous tender' basis as described at 4.11.
- 4.2. The Council and its advisors produced an Output Specification based on a 'Reference Design' for the Worthing Heat Network. This Reference Design Solution demonstrated that a heat network was deliverable that met the Council's requirements, whilst allowing the market significant freedom in creating alternative innovative solutions that still met these requirements.

- 4.3. Simultaneously, the procurement allowed the council and partners the opportunity to procure its heat supply for certain buildings within the same exercise.
- 4.4. As such, there will be a number of contracts created as a result of this procurement, which has been conducted under the Public Procurement Regulations. There are three key contracts for the council to sign:
- The Corporate Concession Agreement (explained more at 4.5)
  - The Connection Agreement (4.26)
  - The Heat Supply Agreement (4.30)
- 4.5. The principal aim of the procurement is for the Council to sign a Corporate Concession Agreement with the successful tenderer based on the most economically advantageous bidder
- 4.6. A Special Purpose Vehicle (SPV) will be established with WBC holding a 'Golden Share'. The Council will enter into arrangements with the SPV to provide the HNIP Construction funding (£3.158m grant, £1.275m loan) on identical terms to those the council has entered into with HNIP. This approach minimises the risk to the council.
- 4.7. This Golden Share entrenches a number of WBC's rights under the Corporate Concession Agreement, however the council will not participate economically. These rights include a wide-ranging, but passive, influence over how the SPV is operated (through the use of contract mechanisms) and rights (but no obligation) to terminate the concession contract if Pinnacle fails to perform to the requirements of the contract. Where this is the case, Pinnacle will be obliged to transfer its interests in the SPV as the council directs, subject to fair compensation.
- 4.8. The Council and all other offtakers participating in the initial procurement will also need to sign two further agreements with the SPV:
- The Connection Agreement - between the SPV and the freeholder, which details requirements for the initial heat network connection
  - The Heat Supply Agreement - between the SPV and the leaseholder/occupant, which details ongoing obligations relating to heat supply. This will essentially replace the gas supply contract that most offtakers currently have.

- 4.9. It will be the responsibility of the SPV to work with multiple subcontractors to ensure the smooth delivery and operation of the heat network. Where possible this will be in accordance with the council's 'Fair, Green and Local' principles, through the social value element of the contract.
- 4.10. After significant consultation with the council's supporting consultants, it was agreed to procure the contract via a Competitive Dialogue procurement process. This involved 2 stages:
- Selection Questionnaire - this was open to anyone interested and allowed the council to invite up to 5 bidders to submit detailed bids. Selection was based on financial suitability and past performance of delivering similar projects.
  - Competitive Dialogue - bidders invited to participate were scheduled to have 4 online meetings with the project team to firm up their proposals. Final bids would then be received and evaluated according to the agreed methodology.
- 4.11. There are 7 key criteria the procurement exercise evaluated, with weightings apportioned as follows. These map very effectively to Worthing Council's economic principles of Fair, Green and Local:



- 4.12. Within these criteria, there are over 50 (fifty) elements that have been evaluated and scored individually. Each of these areas were evaluated by at least one of the four specialist evaluating panels:
- Technical
  - Commercial/Financial
  - Legal
  - Social Value
- 4.13. Bids were evaluated by the project team, including the NHS and with additional specialist Social Value support from Brighton & Hove City Council (as part of the Orbis partnership of procurement advisors). West Sussex County Council and the Ministry of Justice were invited to evaluate but declined to participate due to resource constraints.
- 4.14. The winning bidder was Pinnacle Power. This section explains more about the proposed solution.

#### **TECHNICAL**

- 4.15. The technical solution is based on 95% of thermal energy being serviced via high efficiency Air Source Heat Pumps (ASHP) with gas fired boilers providing peaking capacity and resilience. The gas boilers will be providing less than 5% of the annual thermal energy. The sewer-source heat pump led Reference Design was assessed by the bidder as more costly than the proposed ASHP solution, and was therefore not brought forward. However, the carbon content of the energy in the proposed solution is identical (39g/kWh), which compares very favourably to the Government definition of 'low carbon heat' (100g/kWh).
- 4.16. Carbon savings will commence following the initial connections - projected to be Q1 2025. Over the first 15 years of the network, savings are assessed to be in excess of 55,000 tCO<sub>2</sub>e, equivalent to almost twenty times the annual emissions of Adur & Worthing Councils' activities for 2021/22.
- 4.17. The proposed solution is able to vary the temperature of the network, allowing the potential to deliver heat at higher temperatures during colder periods. This added flexibility of heat supply temperature is beneficial to the network as it will allow more buildings to connect more quickly, generating further carbon savings.

- 4.18. Over time, it is expected that all offtakers will improve their heating systems sufficiently for the overall temperature of the network to be lowered. This is partly incentivised by 'motivational pricing', whereby heating systems that perform better pay less for their overall heat demand than inefficient systems and will further decarbonise the heat supply of Worthing.
- 4.19. Pinnacle Power has also committed to assess the replacement of the gas boilers with electric alternatives (including additional heat pumps) providing they meet the carbon performance metrics required by the contract *and* still preserve the affordability of heat. The affordability of heat is determined by the agreed pricing mechanism, which will be based on beating the counterfactual cost of heat (i.e. comparing with building level ASHP costs).
- 4.20. As part of negotiations, the Council is exploring growth of the network beyond the core scheme. The long-term opportunity is to see the network grow significantly further, developing a town-wide network and connecting smaller 'satellite networks' at other clusters within Worthing.
- 4.21. As noted above, despite differing from the Reference Design, this solution meets the council's requirements in terms of carbon and cost performance and exceeds it in terms of growth and variability of supply temperatures.

## **COMMERCIAL**

- 4.22. As well as the Corporate Concession Agreement (see 4.5), the key building-level Commercial terms of the contract are as set out in the Connection and Pricing Policies.
- 4.23. The Connection and Pricing Policies, including indexation, will be fixed from the outset of the contract, ensuring that the solution is consistently the cheapest source of low carbon heat for offtakers in Worthing. Indexation will be based on a variety of factors directly related to the cost of maintaining the level of service required by offtakers.
- 4.24. The Connection Policy will be based on 'standard' and 'non-standard' connections, with the majority of offtakers likely to have standard (and therefore transparent and easily calculable) fees. The pricing per kW of

heat capacity will be lower than the alternative (building level Air Source Heat Pump) low carbon heating solution. This is known as the “counterfactual” comparison solution.

- 4.25. The Connection Policy will be applied to each individual building connection, with whom the heat network provider will enter into a Connection Agreement. For Worthing Borough Council, this will consist of the following buildings:
- Worthing Town Hall
  - Assembly Hall
  - Portland House
  - Museum
  - Connaught Theatre
- 4.26. The Connection Agreement sets out the rights and obligations of both parties when making a connection to the heat network, essentially replacing (or supplementing) existing gas-network connections. There is a 'Connection Fee' associated with the Connection Agreement that is payable to the heat network operator. For more information see Section 8.
- 4.27. It is expected that all gas connections for WBC buildings will be terminated.
- 4.28. Alongside the Connection Policy, the Pricing Policy sets out how heat charges are calculated on for the life of the concession agreement. It includes a variable and fixed element, each of which are indexed to appropriate metrics to ensure that a) the cost of heat from the heat network never exceeds the alternative low carbon heating solution and b) the heat network remains viable on an ongoing basis
- 4.29. The initial pricing is set at approximately 8% below the counterfactual low carbon heating solution. More information is presented in Section 8.
- 4.30. The Pricing Policy is translated at an individual building level to the Heat Supply Agreement, which acts as the ongoing transactional document between the offtaker and the heat network. This Heat Supply Agreement will have a minimum period of 9 years, after which the council can provide 12-months notice at any point to terminate the agreement and remove a building from the network.

- 4.31. The Worthing Heat Network will be required to be accredited to both the Heat Trust and the CIBSE Heat Networks Code of Practice (CP1).
- 4.32. The Heat Trust was launched in November 2015 and acts as an independent, non-profit consumer champion for heat network customers that is in place ahead of expected future market regulation. It provides:
- Strict customer service standards
  - Independent dispute resolution through the Ombudsman
  - Promotion of best practice and continuous improvement
- 4.33. CP1 is the principal document outlining the minimum standards for heat networks across the UK. It sets minimum requirements for best practice within the UK heat network market and covers all stages of the project, from design through to operation.
- 4.34. In addition to the above two accreditation schemes, the council has also included Guaranteed Standards of Service to which the provider must adhere. These were based on industry standards and give further reassurance that customers will be protected.

## **5. Public Sector Decarbonisation Scheme Bid**

- 5.1. As noted at 3.10, above, the Public Sector Decarbonisation Scheme is central government capital funding that is eligible to public sector bodies to decarbonise their estate. It focuses on replacing fossil-fuel heating with renewable alternatives, and projects that exclusively focus on energy efficiency or renewable electricity generation are ineligible.
- 5.2. Worthing Borough Council has previously secured PSDS round 1 (Autumn 2020) funding, receiving a total of £585k through two bids to install solar PV on multiple sites and energy efficiency, control and metering measures across Portland House and Worthing Town Hall.
- 5.3. As detailed at JSSC on 10 November 2022, a further £85,000 of Low Carbon Skills Funding<sup>2</sup> has been secured to conduct further work into

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<sup>2</sup> [https://www.salixfinance.co.uk/Salix\\_Funding](https://www.salixfinance.co.uk/Salix_Funding)

decarbonising the heat supplies of multiple WBC-owned buildings. This funding was partly used to prepare bids to the Autumn 2022 round of PSDS for the WBC buildings connecting to the Worthing Heat Network:

- Worthing Town Hall
- Assembly Hall
- Portland House
- Museum
- Connaught Theatre

- 5.4. A bid to replace the fossil-fuelled heating systems at all of the above buildings was submitted on 12 October 2022 and the council is now in receipt of a Grant Offer Letter worth £2.47m.
- 5.5. The bid, which is contingent on making connection to the heat network by 31 March 2025, secures funding for:
  - Energy efficiency measures
  - Control upgrades
  - Renewable electricity generation technologies
  - Metering
  - Heat Network Connection costs
- 5.6. A summary of these proposed measures is included at Appendix 2.
- 5.7. In order to deliver the project successfully, up to £5.05m of match funding is still required, including some 'invest to save' funding for measures that deliver a financial payback. More information is set out in Section 8.
- 5.8. The council is undertaking significant further due diligence with technical consultants and the heat network provider in order to refine this budget and finalise the measures that will be installed as part of the enabling works prior to heat network connection.
- 5.9. Alternative finance options are also being sought, including from the heat network provider (whereby the council would repay part of the capital funding to the heat network provider over a period of time). This forms part of the Commercial discussions currently ongoing.
- 5.10. As such, some of the financial elements outlined in Section 8 are subject to change and officers will consult with the relevant Executive

Members and provide an update to the Joint Strategic Sub-Committee via Quarterly Monitoring Reports when required.

5.11. In order to ensure the works are undertaken in a timely and cost effective manner, it is proposed to appoint external project management support to assist the council in the delivery of the capital works. Ongoing oversight and support will be provided by the Sustainability and Technical Services teams and Worthing Theatres & Museums, with other input as required. This support is included within the budget outlined at Section 8.

5.12. Once complete, the works will save in excess of 300 tonnes of carbon annually from these buildings, significantly reducing emissions from the council's estate.

## 6. Timeline and next steps

6.1. The timeline for the project is outlined in the table below.

Stage	Date
<b>Heat Network (Pinnacle Power)</b>	
Feasibility, Concept Design & Planning	March 23 - December 23
Network and substation works	November 23 - Connection Dates
Energy Centre Construction	December 23 - July 24
Connection of Town Hall, Portland House, Museum, Library, Law Courts, Connaught Theatre, Pavilion Theatre and Hospital	Q1 2025
Connection of future developments*	From Q1 2025/on completion of development
Connection of Hospital satellite sites	Q1 2026
<b>PSDS Works</b>	
Project Team establishment, further design	March 23 - September 23

Procurement exercise, Planning & Listed Building Applications	Oct 23 - Jan 24
Mobilisation	Feb 24
Works	Mar 24 - Mar 25

\* subject to Planning and agreement with developers

6.2. In order to continue progressing with the contract negotiations throughout the Preferred Bidder stage and into mobilisation, feasibility and concept design stages, the council made an additional HNIP Commercialisation funding bid for £255k. This bid was successful and will ensure that the council can continue to utilise external consultants to ensure the best outcome for the heat network is achieved.

## 7. Engagement and Communication

7.1. Since the project's inception, ongoing engagement has been done by the project team, including bi-monthly stakeholder engagement meetings chaired by WBC. The following organisations regularly attend these meetings:

- West Sussex County Council
- Worthing Theatres & Museums
- Southern Water
- University Hospitals Sussex NHS Foundation Trust (UHSx)
- Heat Network Delivery Unit (HNDU), DESNZ (formerly BEIS)
- Ministry of Justice
- Other relevant WBC departments (Major Projects, Technical Services, Planning etc)

7.2. Additional meetings have also been held with the following:

- Davison School
- Environment Agency
- Sussex Police
- Sussex Community NHS Foundation Trust
- Lyndhurst Infants School
- NHS England

7.3. Extensive engagement has been conducted with UHSx. Worthing Hospital is the single biggest heat demand on the pioneer network and as such represents a key anchor load for the heat network.

- 7.4. The council and UHSx have been working closely on the project for almost two years now, with regular meetings between both Directors and officers, as well as the wider heat network project team.
- 7.5. Both Worthing Library and Worthing County Court are also earmarked for an initial connection to the network, subject to agreement with the respective building operators.
- 7.6. The project team has also worked with Planning colleagues to meet developers prior to the development and submission of Planning Applications within Worthing. Generally this has been well received due to the network's cost and carbon competitiveness.
- 7.7. Positive engagement was also had with Southern Water to develop Heads of Terms for the heat network provider to access the sewer. As noted above, this is no longer required for the initial network, however the council and Pinnacle Power will continue to evaluate the opportunities to harness this heat and monitor progress Central Government makes in its discussions with the water industry.

## 8. Financial Implications

- 8.1. The previous estimate of the impact of the heat network indicated a net revenue cost to the Council of approximately £121,000 per year which can be analysed as follows:

Overall costs	Adur £	Worthing £
Additional heating costs	10,070	94,230
Capital costs		27,250
Indicative revenue costs	<u>10,070</u>	<u>121,480</u>

This was based on connection costs of £1m and increased energy costs of £104,000 and is included in the Medium Term Financial Plan.

- 8.2. However since this time energy costs have increased substantially, interest rates have risen, and inflation within the construction industry has been substantial adding to the costs of delivery. There has also been a detailed assessment of the works required on each of the buildings to support the effective operation of the heat network.
- 8.3. Whilst the negotiations are ongoing, there is still a degree of uncertainty about the final cost to the Council of future revenue charges for heat provision and the final connection costs. It is against this background that the likely costs of the proposal have been assessed.
- 8.4. To progress the heat network successfully, the council will need to invest into its buildings to fund both energy efficiency improvements and the connection to the heat network. Connection charges are now estimated to be £3.1m significantly higher than the £1m originally expected.
- 8.5. Overall capital investment of £7.5m is required although this is part funded through a successful bid to the Public Sector Decarbonisation Scheme. This includes significant investment in the theatres and museums buildings with £1.7m planned for the heating and cooling systems in the museum. The planned investment can be broken down as follows:

Capital investment required	Total cost	2023/24	2024/25
	£	£	£
<b><u>Corporate buildings:</u></b>			
Town Hall	1,766,590	639,080	1,127,510
Portland House	1,063,210	194,290	868,920
Total investment in corporate buildings	2,829,800	833,370	1,996,430
Less: PSDS funding	- 1,280,000	- 833,370	- 446,630
Borrowing required	1,549,800	-	1,549,800
<b><u>Theatre and museum buildings:</u></b>			
Museum	2,536,140	124,780	2,411,360
Assembly Hall	962,040	220,190	741,850
Connaught Theatre	1,126,510	19,250	1,107,260
Total investment required in Theatres and Museum buildings	4,624,690	364,220	4,260,470
Less: PSDS funding	- 1,169,260	- 364,220	- 805,040
Borrowing required	3,455,430	-	3,455,430
Overall scheme cost	7,454,490	1,197,590	6,256,900
Less: PCDS funding	- 2,449,260	- 1,197,590	- 1,251,670
Net borrowing required	5,005,230	-	5,005,230

8.6. The programme can be further broken down into strands of work:

	Corporate buildings	Theatres and Museum	Total
	£	£	£
Connection fees and associated works	1,663,580	1,477,300	3,140,880
New Solar Panels	50,550	178,940	229,490
Improved insulation	120,980	296,030	417,010
Improvements to heating/cooling arrays and systems	994,690	2,403,800	3,398,490
Other energy efficiency works	-	268,620	268,620
Total cost of works	2,829,800	4,624,690	7,454,490

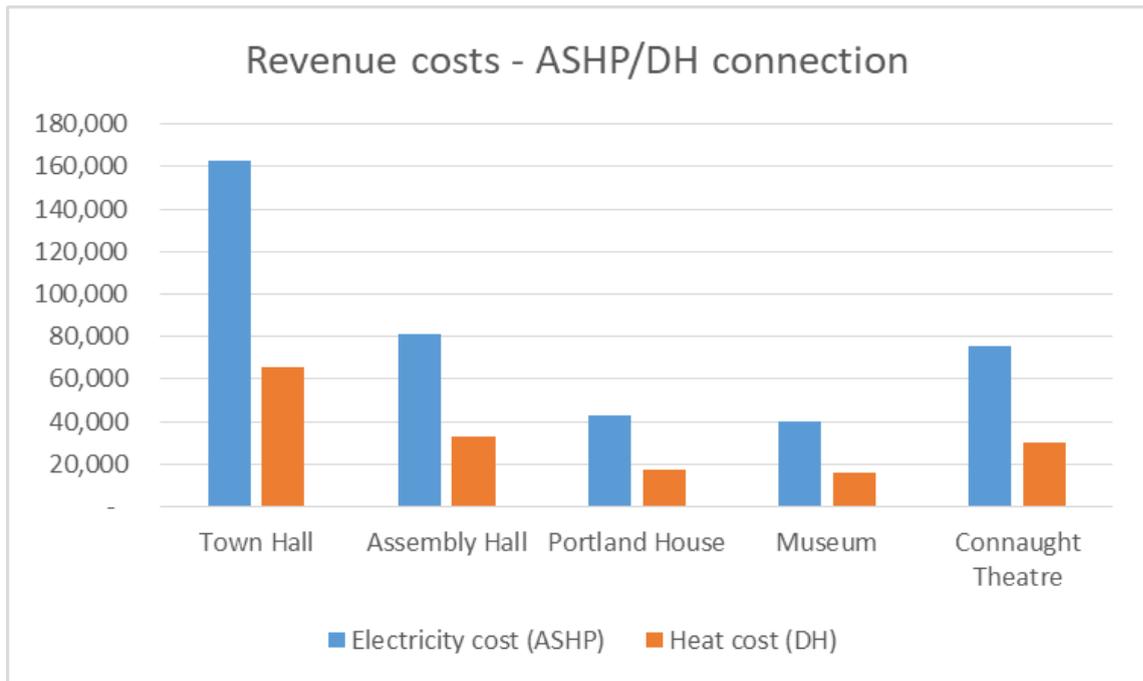
8.7. Consequently the Council will need to borrow substantially more than originally expected although due to the high energy costs, the impact of

the new heat charges will be lower. Overall the cost of the investment is estimated to be as follows:

Revenue implications	2024/25	2025/26
	£	£
Cost of borrowing	87,590	272,140
Impact of revised energy costs for corporate buildings	3,960	15,840
Net income from solar panels on Museum and Theatres buildings	- 8,780	- 35,120
Less: Recharge to Adur DC for energy costs and investment in shared facilities	- 8,360	- 27,380
<b>Net cost of investment programme</b>	<b>74,410</b>	<b>225,480</b>
<b>Allowance in the Medium Term Financial Plan</b>	<b>121,000</b>	<b>121,000</b>
<b>Additional provision required</b>		<b>104,480</b>

The final costs associated with the network are dependent on both the outcome of the current negotiations and the impact of the reletting of the current energy contracts from 1st April 2023. The costs will be reassessed once the contract has been finalised.

- 8.8. As a consequence of the likely increased revenue costs from 2025/26 onwards, additional budget provision will be required and the Medium Term Financial Plan updated to reflect the expected increases.
- 8.9. However, members are reminded that in terms of decarbonised heat, the heat network still represents the best value compared to other technologies.



- 8.10. Finally, members should be aware that the Worthing Theatres and Museum (WTaM) may be entitled to compensation for loss of income if any works deviate from an agreed schedule and disrupt the programme of events.

## 9. Legal Implications

- 9.1 Section 1 of the Localism Act empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 9.2 Section 1 of The Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers the powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both for the purposes of, or in connection with, the discharge of the function by the local authority.
- 9.3 In any contractual arrangement with Pinnacle Power (PP) the Council must ensure that PP is bound by and fully compliant with the HNIP Funding Terms and Conditions and that appropriate indemnities are in place in favour of the Council in respect of any breach by PP of those terms and conditions.

9.4 The Climate Change Act 2008 (as amended in 2019) is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are prepared for, to achieve net zero carbon emissions by 2050.

### **Background Papers**

- JSS-C(W)/40/22-23: [New Economic Principles for Worthing](#)
- JSS-C(W)/29/22-23: [Carbon Emissions for 2021/22](#)
- JSC/100/21-22: [Carbon Neutral 2030: Worthing Heat Network Progress Update](#)
- JSC/47/21-22: [Carbon Neutral 2030: Worthing Heat Network: progress update](#)
- JSC/128/20-21 [Carbon Neutral 2030 - Worthing Civic Quarter Heat Network](#)

## **Sustainability & Risk Assessment**

### **1. Economic**

The installation of a key piece of low carbon infrastructure in Worthing will enable businesses and residents to decarbonise their heat supplies more easily and more cost effectively than building-by-building solutions. It will create significant investment in the town (including over £25m of grant funding) and deliver a minimum of 4.0FTE jobs directly employed by the heat network.

### **2. Social**

#### **2.1 Social Value**

The winning bidder has made a number of commitments to social value, including local volunteering days for staff, school and university visits/placements, the use of local subcontractors and the delivery of jobs (including apprenticeships) locally.

#### **2.2 Equality Issues**

None identified

#### **2.3 Community Safety Issues (Section 17)**

None identified

#### **2.4 Human Rights Issues**

None identified

### **3. Environmental**

There will be significant environmental benefit from the installation of the heat network and delivery of associated projects. Without expansion, the heat network is projected to save 3,000 tonnes of carbon annually, delivering a substantial and meaningful mitigation of the town's impact on climate change.

### **4. Governance**

The alignment with the council's priorities are identified at Section 3.6. The council will secure a new, proactive delivery partner for low carbon heat infrastructure in the town, with sufficient control to ensure that the long-term climate change mitigation measures that are the core focus of the project are met.

Section 8 sets out the financial implications of connecting WBC buildings to the heat network. Adur District Council pay utility bills for the use of some WBC buildings and therefore there will be a minor cost associated with this, along with a reduction in emissions attributable to the council's operations.

## APPENDIX 1 - Potential Worthing Heat Network 'core cluster'



## APPENDIX 2 - Summary of PSDS-funded enabling works for WBC buildings

*Note these are not inclusive of project management fees and are subject to further due diligence and consultation with the heat network provider*

<b>Site</b>	<b>Recommended Measures</b>	<b>Budget Cost</b>
Town Hall	Loft insulation DRVs Replace DHW cylinder BMS works AHU upgrade Solar PV Heat Network Connection	£1,605,991
Assembly Hall	Replacement doors to Richmond Room Secondary Glazing BMS works DRVs LED Lighting upgrade (stage lighting) Heat Network Connection	£874,582
Museum	Draught proofing Loft insulation Secondary glazing New heating system Flow restrictors on taps LED Lighting upgrade Time switches Solar PV Heat Network Connection	£2,170,037
Connaught Theatre	Time switches Solar PV Draught proofing Loft insulation Replacement glazing Pipe insulation BNS works AHU upgrade Emitter upgrades Replace DHW cylinder Heat metering Heat Network Connection	£1,024,102
Portland House	New perimeter heating emitters Replace DHW cylinder BMS works Heat Network Connection	£966,559
<b>SUBTOTAL</b>		<b>£6,641,272</b>

