



## Report of the Cabinet Member for Service Transformation

Cabinet – 18 April 2024

### District Heat Network Feasibility

<b>Purpose:</b>	To gain approval for grant application and acceptance, for monies to undertake more detailed design work around the potential for the provision of a district heat network in parallel with Blue Eden developments.
<b>Policy Framework:</b>	Well-being of Future Generation Act & Swansea Council Corporate Plan Financial Procedure Rules
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that Cabinet:  <ol style="list-style-type: none"><li>1. Agrees that the Council accepts and utilises a UK Government grant for the development of a Detailed Program Design for a district heat network.</li><li>2. Notes the progress made to date for the management of land around SA1 (including Tir John) in support of the broader Blue Eden development.</li></ol>
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#### 1. Introduction

This report sets out the potential for the provision of a district heat network in parallel with the Blue Eden development. It covers progress on this front to date and seeks Cabinet approval to accept a UK Government grant to further this work.

## **2. Background**

- 2.1 The continuing development of the land to the South of Fabian Way, which hosts the Swansea University Bay Campus, and will host housing and hotel accommodation, and elements of a renewable energy project (referred to as Blue Eden), offers the potential for the introduction of a District Heat Network (DHN).
- 2.2 In May 2023, Cabinet approved and delegated to officers the power to agree Heads of Terms and conclude documentation for the disposal/occupation of sites, by way of lease in support of the Blue Eden development.

To update briefly on that position:

- Fabian Way Park and Ride expansion site: The current proposal includes the main Park and Ride site only, the overflow site is still linked to TFW proposals.
  - Site of closed Tir John proposed for Solar Farm: Heads of Terms have been agreed in principle with more detailed terms, including negative controls, currently being reviewed.
  - Part of Former Morrissey Site in SA1: As above, Heads of Terms have been agreed in principle with more detailed terms, including negative controls, currently being reviewed.
  - Burrows Yard: Council involvement in the acquisition of Burrows Yard is no longer required and DST Innovations, who are leading the Blue Eden development, are in direct negotiations with Network Rail.
- 2.3 The development and operation of the Blue Eden energy projects will have significant energy demands but also have the potential to provide a heat source for a heat network (waste heat from the proposed data centre could be utilised).
  - 2.4 Given the short timescales involved, it was not practical to inform Cabinet of the bid being prepared to submit to the UK government prior to the bid submission date. This paper updates members on progress to date and seeks retrospective approval for the Council's applications.

## **3. Works to Date**

- 3.1 In December 2022 the Council received a high level feasibility study (funded by the Community Renewal Fund (CRF)) which considered the possible introduction of a heat network in Swansea.
- 3.2 This study looked at current and future demand opportunities within an area which broadly covers the area between the University campus on Fabian Way and the Civic Centre on Oystermouth Road, encompassing HMP

Swansea, Swansea Museum, the Technium buildings and other developments in the docks/SA1 area.

This area outline can be seen below as Figure1.

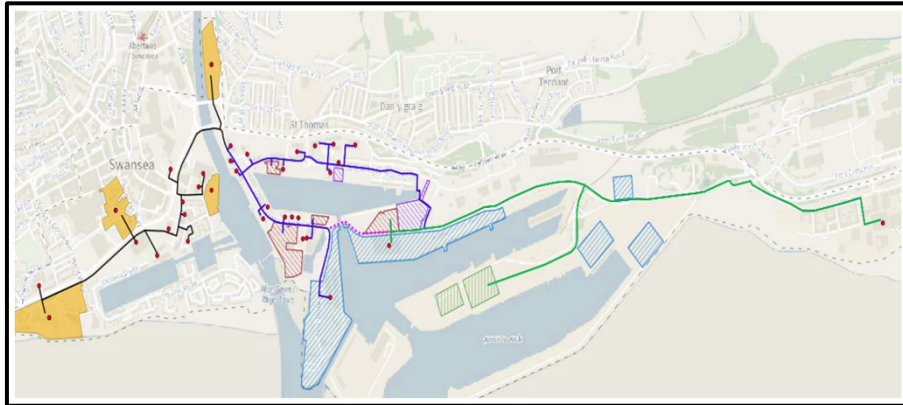


Figure 1: Potential coverage of a heat network

- 3.3. The report concluded favourably that there was significant opportunity for the development of a city-scale carbon heat network and whilst there was no certainty of financial viability, a detailed feasibility study should be considered.
- 3.4 It was also noted that the scheme has the benefit of numerous active stakeholders led by Swansea Council, and the scheme is seen as an important carbon reduction opportunity for the County.
- 3.5 In progressing that option, officers applied to the UK Government (Department of Energy Security and Net Zero) for financial assistance to develop a more advanced business case.

#### **4. HNDU Round 13 Grant Funding**

- 4.1 The Heat Networks Delivery Unit (HNDU) was set up by the government in 2013 with the remit of providing both advice and funding for the development of heat network projects.
- 4.2 With twelve previous rounds of funding having taken place, Swansea Council submitted a bid for Round 13 which has been successful.
- 4.3 The Council has been awarded a grant of up to £218,300 to further develop a Heat Network project. This will be used to undertake a Detailed Project Development (DPD) proposal as defined in guidance provided by the HNDU, along with additional works to support the proposal.
- 4.4 This will include:
  - updating and validating the earlier techno-economic analysis;
  - exploring key constraint issues;
  - exploring delivery models and their integration with other energy projects;
  - identifying the requirement and process for bidding for follow-on funding;
  - an extended stakeholder and consumer campaign.

4.5 The grant provided is based on estimated costs of:

Detailed Project Development works at £200k, of which 67% is funded (£133,300);

Project Management and Stakeholder Engagement at £85k which is 100% funded.

Match funding of £66,700 will be provided by DST Innovations who are heading the development of the 'Blue Eden' programme with private sector partners.

The Council will also be supported by a team of specialists within the HNDU.

## 5. Financial Implications

5.1 A breakdown of the grant funding for the bid is set out in the table below. Match funding has been agreed with DST Innovations.

<b>Funding Required</b>	<b>Value of Work (£)</b>	<b>Bid %</b>	<b>Funding Secured (£)</b>
<b>Detailed Project Development</b>	200,000	67%	133,300
<b>Project management</b>	45,000	100%	45,000
<b>Stakeholder engagement</b>	40,000	100%	40,000
<b>Matched Funding (Private)</b>		--	66,700
<b>Total Value</b>	<b>£285,000</b>		<b>£285,000</b>

## 6. Integrated Assessment Implications (IIA)

6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.

- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 6.1.1 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 6.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 6.2 An IIA Screening Form (Appendix A) has been completed with the agreed outcome that a full IIA report was not required:
- 6.3 The IIA process also provides evidence that the initiative complies with Welsh Language Standards: specifically, that we have considered how to maximise any benefits and minimise any adverse effects on:
- opportunities for people to use the Welsh language.
  - treating the Welsh language no less favourably than English.
- 6.4 Developing this project design has no adverse impact on the Council's obligations and is forerunner to a potential development scheme that aligns with the Well-being of Future Generations (Wales) Act 2015 and the Council's net zero carbon targets via the provision of a low carbon heat source, in addition to stimulating economic growth.

## **7. Legal Implications**

- 7.1 The Council will need to ensure that any conditions attached to the funding are complied with and that the Council complies with its Contract Procedure Rules and any relevant procurement legislation when procuring any of the works and related contracts referred to above.

**Background Papers:** None

**Appendix A:** IIA Screening Form