

# Delegated Decision Report

Decision below £250k



<b>Subject:</b>	Allocation of grant funding to FCHO - St Mary's heat network transfer
<b>Decision maker: Senior Officer</b>	Emma Barton, Deputy Chief Executive (Place)
<b>Decision maker: Cabinet Member</b>	Cllr Abdul Jabbar, Deputy Leader and Cabinet Member for Value for Money and Sustainability
<b>Decision date:</b>	17 June 2025
<b>Report author:</b>	Andrew Hunt, Green Energy & Sustainability Manager
<b>Ward (s):</b>	St Mary's

## Reason for decision

To allocate grant funding to First Choice Homes Oldham for the purpose of enabling the asset transfer of the St Mary's heat network to Oldham's procured Green New Deal Partner once the tender is complete, as part of the GMCA Local Net Zero Accelerator programme of which the Council is a grant recipient. FCHO will be reimbursed expenses of up to £100K for legal and financial advice they must procure in order to inform an FCHO Board decision on the best way to transfer the asset.

## Recommendation(s)

1. Allocate grant funding to FCHO so that the Council can reimburse them for costs associated with the asset transfer of the St Mary's heat network to Oldham's procured Green New Deal Partner, using grant funding from the GMCA Local Net Zero Accelerator programme which has been allocated to the Council
2. Note that GMCA have confirmed that up to £100K in grant funding is available to the Council / FCHO for legal and financial advice associated with the transfer of the St Mary's heat network

## Background

The Council is part of the Greater Manchester Combined Authority Local Net Zero Accelerator programme, grant funded by the Department for Energy Security and Net Zero.

Oldham's funded project is to establish an Oldham Green New Deal Partnership, a public-private Joint Venture with a term of between 15 and 25 years aimed at the strategic decarbonisation of the energy system in Oldham.

The main funded activity for the project is the procurement of a commercial Delivery Partner for the Joint Venture, and in this procurement the 'anchor' project is the development of a new Low Carbon District Heat Network for Oldham Town Centre.

To get to this point, over the past few years the Council has commissioned a number of feasibility studies looking at the potential to develop a new heat network in the Town Centre. The most recent two feasibility studies focused on the development of a new heat network in the South of the Town Centre which would then be linked to the existing heat network at St Mary's which is currently owned by First Choice homes Oldham (FCHO).

FCHO part funded the most recent feasibility study (Detailed Project Development to Outline Business Case / RIBA Stage 2 design).

The current work to procure an Oldham Green New Deal Delivery Partner is supported by grant funding from the GMCA LNZA and also by a £8.7m grant from the Green Heat Network Fund, which aims to support the final stages of development and then delivery of the new heat network.

In order for the heat network at St Mary's to be incorporated into the proposed new heat network, FCHO will need to transfer the asset to the Council's procured Delivery Partner at the end of the procurement process. To inform the best approach to this asset transfer, FCHO will need to procure a piece of bespoke legal and financial advice. Once received, this piece of advice will enable the FCHO Board to approve the transfer of the St Mary's heat network.

As the Council is part of the GMCA LNZA programme, it is possible for the piece of bespoke advice that FCHO need to be grant funded through the programme. However, in order for FCHO to be able to receive this grant funding, they will need to invoice the Council for the costs (which can be covered up to £100K and GMCA have confirmed that this grant funding is available) and the Council will then reclaim the costs as grant funding from GMCA.

A Decision is required to allocate grant funding to FCHO in order that the Council can raise a Purchase Order for the amount of FCHO's legal and financial advice costs, so that these expenses can be reimbursed to FCHO. There is no other cost to the Council from this commission other than reimbursing FCHO's expenses.

As the owner of the St Mary's heat network, FCHO is the only organisation which can fulfil this requirement.

**Alternative option(s) to be considered** *(please give the reason(s) for recommendation(s))*

1. Do not allocate grant funding to FCHO. Under this option, the Council will not be able to reimburse FCHO (using grant funding from the GMCA Local Net Zero Accelerator programme) for their costs associated with the transfer of the St Mary's heat network to the Council's procured Delivery Partner. It is possible that FCHO will not go ahead with the work under these circumstances.

2. Allocate grant funding to FCHO. Under this option, FCHO will be able to invoice the Council for costs associated with the transfer of St Mary's heat network to the Council's procured Delivery Partner. The Council will use grant funding from the GMCA Local Net Zero Accelerator programme to do this. This option will maximise the likelihood of the successful transfer of the St Mary's heat network to the Council's procured Delivery Partner.

**Consultation** *(include any conflict of interest declared by relevant Cabinet Member consulted)*

The Cabinet Member for Value for Money and Sustainability has been consulted.

### Risks

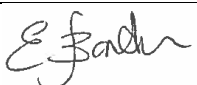
There is a risk that £100K may be insufficient to cover all of FCHO's costs. In this situation, FCHO will have to make up the remainder of the costs themselves.


### Implications

Financial	<p>The proposal to reimburse First Choice Homes Oldham (FCHO) for up to £100k of legal and financial costs associated with the asset transfer of the St Mary's Heat Network to Oldham's procured Green New Deal Partner once the tender is complete, has no adverse financial implications for the Council.</p> <p>All reimbursed costs up to the value of £100k will be fully funded via grant claimed from the GMCA.</p> <p>In the event that the costs are higher than the £100k grant allocation, FCHO will need to fully fund the shortfall.</p> <p>(John Hoskins)</p>
Legal	<p>The transfer of St Mary's heat network to the Council's procured Delivery Partner is a vital component in the Green New Deal project. The Council will not be using its own funds and will instead be using grant funding from the GMCA Local Net Zero Accelerator programme. The Green New Deal is a significant project for the Council and the allocation of grant funding to First Choice Homes Oldham for this purpose will aid the successful transfer of the St Mary's heat network to the Council's procured Delivery Partner.</p> <p>Sukie Kaur - Solicitor</p>
Equality impact including implications for Children and Young People	N/A
Procurement	<p>As this is request relates to the award of grant funding, there are no procurement requirements. The report requestor confirms there are no other costs associated with this.</p> <p>Jasmin Banks-Lee, Commercial Procurement Unit</p>

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?	Yes
Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?	Yes
Are any of the recommendations within this report contrary to the Policy Framework of the Council?	No

Report author sign-off	Andrew Hunt
Role	Green Energy & Sustainability Manager
Date of sign-off	28 April 2025

Approval	
Officer approval sign-off	 Emma Barton
Role	Deputy Chief Executive (Place)
Date of sign-off	17 June 2025

Approval	
Member(s) approval sign-off	
Role	Cabinet Member for Value for Money & Sustainability
Date of sign-off	12 May 2025