

Achieving Finance Excellence in Policing (AFEP) III Sustainability Toolkit

July 2024

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1. Background to the work

Under the AFEP III programme, CIPFA has worked with police forces and other industry experts to deliver a sustainability programme including:

1. a series of sustainability webinars
2. a roundtable event
3. a sustainability status report
4. **this practical toolkit.**

This toolkit provides comment on business cases, grants and grant applications and further resources.

2. Business cases

In sections 5 to 10 of the sustainability status report, we include detailed background on the HM Treasury business case approach. The delivery of a sustainability strategy, programme and project is complex and the HMT business case approach, including the five-case model, brings structure. In this toolkit we will develop this further, including use of the [HMT business case reviewer's checklist](#).

3. Measurement and data

The toolkit would not be complete without recognising the importance data plays and the impact good data can have on budgets. Data can be compared and benchmarked, leading to the identification of trends that exist across the force.

Data is key to understanding our property assets and making decisions grounded in fact. Data should be considered as an investment in itself. To have accurate data can save money.

The sustainability status report recognises the financial challenges in the asset portfolio linked to the age, condition and use of operation. Coupling this with energy consumption gives a clear indication of assets that may perform well and that may need to be given consideration to their future use and likelihood of achieving net zero targets.

Good data is essential if we are to manage our estate well and have assets that perform for us and help us save money.

Poor data leads to decision making based on half-truths and often results in unpredictable expenditure.

Capturing data and understanding how our assets are performing leads to greater cost certainty of our asset value and condition, capital programme expenditure, essential maintenance and potential for repurposing or disposal.

4. Grants and grant applications, with a particular focus on the public sector decarbonisation scheme (PSDS) grants

Examples of grant arrangements

Below is a list of grant arrangements promoted the by Department for Energy Security and Net Zero (DESNZ):

- Local Net Zero Accelerators – £12m over next two years
- City Leap Replicator pilot – £2m over next two years
- Local Net Zero Finance Support Service pilot – £3m over next two years (for these funds forces would need to work through local government)
- Net Zero Living programme – £60m to help places to open markets
- Innovate UK ‘accelerators’
- Local Investment in Natural Capital (LINC) – £5m issued to date
- Green Heat Network Fund
- Local Electric Vehicle Infrastructure (LEVI) Capital Fund
- UK Infrastructure Bank
- PSDS
- Public Sector Low Carbon Skills Fund.

The public sector decarbonisation scheme grants

The public sector decarbonisation scheme (PSDS) supports the aim of reducing emissions from public sector buildings by 75% by 2037, compared to a 2017 baseline, as set out in the 2021 [Net Zero](#) and [Heat and Buildings](#) strategies.

Phase 4 of the PSDS

In February 2024, the Department for Energy Security and Net Zero (DESNZ) [confirmed phase 4](#) of the PSDS to be delivered by Salix Finance.

A funding pot of £1.17bn for public sector decarbonisation was confirmed in December 2023 for public sector decarbonisation:

- £670m available in 2025/26
- £300m in 2026/27
- £200m in 2027/28.

Up to £335m of the funding for 2025/26 is now being allocated to the second year of phase 3c (applications for phase 3c were open in November 2023).

The remainder of the profile is to be allocated to phase 4 of the PSDS and the [devolution trailblazer deals](#) with the Greater Manchester Combined Authority and the West Midlands Combined Authority.

The next phase of the scheme will move to a more targeted method of allocating funding to ensure emissions are being cut most effectively.

We expect to publish guidance for phase 4 of the PSDS in summer 2024.

Several police forces are shown as recipients of phase 3b PSDS, including South Yorkshire (£500k). See section 13 of the sustainability status report for more details of the projects that underpin these grant awards.

In parallel there is the Public Sector Low Carbon Skills Fund, which provides grants for public sector bodies to access skills and expertise to unlock heat decarbonisation on their estate. This fund is now at phase 5.

One of the biggest differences for phase 4 of the PSDS will be the grant allocation process. While applications for phases 1, 2 and 3 of the scheme have been awarded grants in the order in which they were received, DESNZ has confirmed that applications received under phase 4 will be assessed through a targeted allocation process.

This means funding will be allocated towards projects delivering the best value for money with the most direct carbon emission reductions. DESNZ believe that this will target funding towards high-quality projects that contribute most to the scheme's carbon-saving goal.

The sector cap system, ensuring a proportionate distribution of funds across different sectors of the public estate, will remain in place.

More details about this allocation process and the opening of the phase 4 application portal will be announced in due course.

The PSDS is supported by the Low Carbon Skills Fund (LCSF), which is also delivered by Salix. This scheme empowers the public sector to develop decarbonisation plans for their estates. Further details of any future Low Carbon Skills Fund funding will be announced separately.

For phase 4 there is an expectation of more matched funding coming from the bodies themselves.

CIPFA reflections on PSDS grant applications

Having been involved in many successful PSDS grant applications, we set out some reflections on making successful applications.

PSDS grants are given to well-defined schemes, with a focus on deliverability and support. As part of developing this report we have spoken with forces who have said they have 150 ideas/initiatives; these need to be translated into a shortlist of half a dozen specific projects, with the option of coming back to do more at a later date under a programmatic approach.

Data is important. The application will ask delivery dates, asset and site longevity, the types of measures, the costs and savings, the payback and the tonnes of carbon saved, which through Green Book processes is translated into an economic value. Given the volume of retrofit schemes that have now successfully progressed there is considerable benchmarking data available that forces can leverage, but that DESNZ and Salix (DENNZ's delivery partner on PSDS) can also use as a comparator.

It is expected that there will be a business case to support the project's PSDS bid. Above we set out background on HM Treasury's good practice approach. This includes a focus on deliverability, including the commercial arrangements and the project management and delivery capability and capacity.

In our experience, business cases that are developed from scratch in a short timescale once a pot of grant funding is announced are rarely successful. It is important to have a stock of 'shovel ready' business cases. Given the fragility of the supply chain, being able to

confidently explain how the project will be delivered is important. This includes having a commercial case in place and a willing and able delivery partner. Also, adequate project management resource is needed on both the partner and public body side. This confidence can be enhanced as a result of having a track record of successful net zero and sustainability schemes with tested project delivery and/or capital programme delivery experience. Programmes such as the Mayor of London's can help build delivery confidence.

Based on our discussions, within policing there are already teams involved in grant finding (using online tools) and in income, fees and charges generation. We would recommend that anyone making a grant application should do so in a collaborative manner and draw on the expertise of these pre-existing teams.

Finally, once you are successful with your grant application and funding is received, this is just the start of the challenge. Above we touch on issues with supply chain fragility. There are examples of grants that prove to be insufficient in scale. Also, where regularity and compliance issues mean that projects cannot progress, the process of reallocating or retuning grant funding can be difficult.

PSDS grant application checklist

Pre-application:

- Have you got an available authorising official in your organisation?
- Do you have an individual with a Salix login ready for each application you are submitting on the day?
- Have you prepared a document containing the application portal information to copy and paste?
- Have you contacted your DNO with proposals for your site? This is especially important for single year applications.
 - Have you accounted for potential costs of an upgrade in your application?
- Do you know where your client contribution to the project costs is going to come from?
- Are all removed fossil fuel systems determined to be end of life?
 - Rule of thumb is ten years old – or they can be eligible if they are less than ten years old and evidence is provided that the system is at end of life.
- What effect does the project have on the operating costs?
 - This can be significant if there aren't many energy efficiency measures being installed or if proposing a 'cascading' heat pump system where operating costs are likely to increase.
 - If costs are increasing, is the building operator aware and budgets allocated?

Application form

- Have you reviewed the like-for-like costs? Minimising these costs is ideal as this cost is taken away from the eligible grant value, at a minimum of 12% of total costs.
 - This should only include items that are immediately connected to the fossil fuel heating system. Therefore, exclude pipework beyond the plantroom and secondary pumps etc.

- If you have a large site with one energy centre, have all the buildings been referenced in a comment box in Step 3.3 (of the application progress)?
- Is the kW of proposed low carbon heating proportional to the kW of fossil fuel heating being removed?
- Have you correctly identified back-up systems in both pre- and post-project for low carbon heating in Step 3.3?
- Check all units of figures in the form.
- Have you sequenced energy savings from energy efficiency measures with the displaced fuel from your low-carbon heating system?
- If you are removing end of life CHP, have you included an increase in grid electricity consumption in Step 4?

Post-application

- Do you have internal or external technical experts lined up to answer Salix technical queries?
- If the technical support is external, are they going to be responsive quickly? Are they working for free or for a fee?
- Do you have colleagues in the affected buildings ready to provide more detailed information quickly? This could include site managers or specific equipment maintenance/contractors.
- Continue engaging with the DNO if this is not completed.
- If Salix contact you with queries toward the end of the process, there is an increased likelihood you will be successful.
 - Therefore, start planning for delivery as soon as this happens.
 - Start investment grade proposals (IGPs) or more detailed business cases.

5. Additional CIPFA resources

We set out below some additional CIPFA resources that might be helpful.

CIPFA have a series of free to access [micro e-learning modules](#), including those covering sustainability and business cases:

- Sustainability and climate change
- Sustainable Development Goals – the fundamentals
- ESG concepts
- ESG reporting
- ESG investment and strategy
- Net zero – the fundamentals
- Climate finance – the fundamentals
- Investment and business cases
- Preventative investment
- Defining the business needs section in a business case.

Other relevant CIPFA training includes the [ICAEW/CIPFA Sustainability Certificate](#).

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