

1. **Re-Fit - Energy Performance Contract** (Pages 1 - 4)

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

RECORD OF DECISION TAKEN BY OFFICERS UNDER DELEGATED POWERS

This is a record of a decision taken by an officers under delegated powers and where necessary taken in consultation with members and officers.

Delegated Power

Specify the particular delegated power being exercised by reference to the Delegation Scheme or Cabinet minute and date.

CAB96 – Re-Fit – Energy Performance Contract 13th November 2018

Cabinet considered a report which reminded Members that the Borough Council had entered into an arrangement with Local Partnerships to deliver the Re:fit energy performance contract.

Following a tendering exercise Ameresco were the Council's preferred partner in delivering this project. An initial High Level Appraisal (HLA) of 15 council buildings and in excess of 800 street lights has identified a guaranteed saving on a payback of 9.87 years and a rate of return of 10.13%.

The HLA document offered the "worst case" scenario that Ameresco guaranteed in line with the contract. When moving to Investment Grade Proposal (IGP) stage Ameresco were committed to providing an improved position on guaranteed payback. In the event that they were unable to achieve this then the Council was not required to pay for this work.

The Defined Performance Parameters guarantee a minimum emission reduction of at least 478 tonnes CO₂. A detailed monitoring and verification plan would be developed and agreed during the IGP stage to ensure that both parties were able to demonstrate and agree savings for the life of the project. With appropriate approvals work could begin in March 2019 with estimated completion in July 2019.

Cabinet asked that in the monitoring of the contract that the CO₂ savings be included.

The Corporate Performance Panel had considered the report and endorsed its proposals with some minor additions which were taken on board by Cabinet, and would be monitoring the progress of the contract.

RECOMMENDED: 1) That all schemes be progressed to Investment Grade Proposal (IGP) stage at the tendered price of £20,500. The capital programme to be amended accordingly and funded from the Major Projects Reserve.

2) That provision be made in the capital programme for it to be increased by up to £2,000,000 to progress schemes outlined in Appendix A to the report- High Level Appraisal and additional schemes identified in the IGP, and funded by borrowing.

3) That delegated authority be granted to the Executive Director for Commercial Services and Deputy Chief Executive in consultation with the Council Leader to authorise go ahead for the identified schemes assuming that they remain at, or offer improved payback terms than those identified in Appendix A, High Level Appraisal in the report.

4) Enabling Works may be required to allow installation of some Energy Conservation Measures (ECMs), these will be identified at the IGP stage. Delegated authority to be given to the Executive Director for Commercial Services and Deputy Chief Executive in consultation with the Leader to authorise this work where cost effective and to report this expenditure through the monthly monitoring report.

Decision Taken**Specify precise details of the decision taken**

The decision taken is to:

- Amend the Capital programme to include £1.318m to implement environmental control measures providing the Council with savings of £125,933 per annum with a guaranteed payback of 10.21 years.
- To remove street lighting from phase 1 of the refit project and either manage this as another phase of the project or seek an alternative solution.

The £1.318m covers the installation of environmental control measures but the design stage of the project may identify additional associated costs not identified during the IGP process. Where these are identified they will be considered individually to determine if the specific scheme is still financially viable. Where it is deemed beneficial funds will need to be provided from revenue budgets or further agreement obtained to further amend the capital programme.

Reasons for the Decision

- To proceed with the Refit scheme to provide significant annual savings with a guaranteed payback.
- To allow Council to formally agree and accept the IGP from Amaresco and sign works contract.
- To achieve carbon savings of 444.9 tonnes per annum from Council facilities

Options considered

1. Doing nothing. This is not recommended, primarily because it will not deliver the level of savings needed, will not meet the council's targets, will provide grounds for adverse publicity and will leave the council more exposed to future increases in utilities costs than is prudent.
2. Using the council's own human resources to identify opportunities for energy efficiency improvements across the buildings in appendix A. Then to design, specify, procure, appoint contractors and supervise works. This is not a viable option, because the council's resources are limited and are fully committed to other work for the foreseeable future. In addition, savings would not be guaranteed if this option were to be selected.
3. As option 2, but using local consultants and contractors. Local consultants have been considered and has revealed specialisms in certain categories of energy efficiency improvements or renewable energy technologies. They therefore tend to have a narrow vision as to what improvements can be made to a building as a whole. Because they would not be able to provide a turnkey design and install service, it is unlikely that they would be prepared or able to guarantee performance. Experience has also demonstrated that their human resources would be inadequate to deliver the scope of this programme. Note there will be no arrangement for guaranteed energy savings with completed works. Also if energy efficiency measures are considered as individual projects, the lead in time for procurement and implementation would be duplicated for each initiative.
4. Preferred option - Using an existing energy services framework arrangement procured in compliance with EU procurement rules. Through this, third parties would identify opportunities for energy efficiency improvements in all or a selection of the buildings identified in appendix A and then design, specify, implement energy efficiency improvements, guarantee savings and verify that they have been achieved.

Any declarations of interest and details of any dispensations granted in respect of interests.

None

List of Background papers

Cabinet Report 6 September 2017 – Refit Proposals for Council Building Assets

Authorisation

Post Held Deputy Chief Executive

Signature

Date

12/7/19

Post Held Executive Director, Commercial Services

Signature

Date

16/7/19.

Consultation with members/officers

If the decision is taken following consultation with the members/officers, please give details:

Leader, Cllr Brian Long

Signed by Member as consulted:

Date

17/7/19.



**Pre-Screening Equality Impact
Assessment**

Name of policy/service/function	Commercial Services – Refit proposal for council building assets				
Is this a new or existing policy/ service/function?	New				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	This project will focus on the reduction of the Council's energy consumption and its carbon footprint across a wide range of services, including our office buildings, sports center's, depot and car parks, There are no statutory obligations.				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			x	
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
	Other (eg low income)			x	
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Neil Gromett					
Chief Operating Officer – Alive West Norfolk	Date : 05/07/2019				