

REPORT TO CABINET

| | | | | |
|--|-------------------------------------|--|---|------------------------------------|
| Open/Exempt | | Would any decisions proposed : | | |
| Any especially affected Wards | Mandatory/ | Be entirely within Cabinet's powers to decide | YES/NO | |
| | Discretionary / | Need to be recommendations to Council | YES/NO | |
| | Operational | Is it a Key Decision | YES/NO | |
| Lead Member: Cllr Brian Long E-mail: <i>Brian.Long@West-norfolk.gov.uk</i> | | Other Cabinet Members consulted: Cllr Brian Long, Cllr Ian Devereux, Cllr Alistair Beales, Cllr Elizabeth Nockolds | | |
| | | Other Members consulted: | | |
| Lead Officer: Neil.Gromett E-mail: Neil.Gromett@alivemanagement.co.uk Direct Dial:01366 386868 | | Other Officers consulted: Management team; Chris Bamfield, Tony Hague. Matthew Henry, Martin Chisholm, Nathan Johnson, Rob Wiseman, Mark Fuller | | |
| Financial Implications YES | Policy/Personnel Implications NO | Statutory Implications NO | Equal Impact Assessment YES If YES: Pre-screening | Risk Management Implications NO |
| If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s) | | | | |

Date of meeting: 17 October 2017

REFIT PROPOSALS FOR COUNCIL BUILDING ASSETS

Summary

Discussions have taken place to access a Government initiative "Refit" aimed at helping public bodies to deliver energy saving projects cheaply and efficiently.

The Refit programme is an OJEU compliant tender produced by HM Treasury and the Local Government Association (LGA) which is accessible to public bodies.

Local Partnerships, also a joint venture of HM Treasury and LGA and are commissioned to assist public organisations to delivery Refit projects.

The contract provides a framework of 16 contractors who can deliver projects under the terms of the scheme.

Initial discussions have identified that in King's Lynn and West Norfolk a Phase project based on the sites in Appendix A can deliver savings of £112,000 for an investment of £1,000,000.

To procure a tailored energy project for the Council delivering the savings above an initial budget of £70,000 is required. The fee to be paid on a phased basis throughout the procurement as detailed in section 3.1.

Once a contractor has been appointed through the contract and has produced an Investment Grade Proposal detailing the investment/payback guaranteed for each site a further Cabinet report will be produced for authorities to proceed with projects.

Recommendation

1. That the Refit scheme is adopted by the council
2. The revenue budget to be amended to meet the £70,000 project costs as detailed in the report.
3. That delegated authority be given to Executive Director – Finance Services (S151 Officer) in consultation with the Monitoring Officer to sign the necessary agreements to enter into the Refit scheme.

Reason for Decision

Undertaking this project will significantly reduce energy consumption and expenditure across the Council estate.

1. Background

- 1.1 The council has made an objective to reduce council emissions and its carbon footprint and has a target to reduce the total emission of Greenhouse Gases and Carbon Footprint by 5% each year.
- 1.2 The UK target is for 15% of all energy to be from renewable sources by 2020. The former Department of Energy and Climate Change (DECC) now Department for Business, Energy and Industrial strategy have announced that, to achieve this, 30% of electricity, 12% of heat and 10% of transport fuel will come from renewable sources.
- 1.3 Electricity costs are expected to double in the next five years due to the government's 'electricity market reform' and energy commodity prices are continuing to rise.
- 1.4 There is significant scope for improving energy performance of council buildings that are likely to be retained for the foreseeable future.

- 1.5 In order to improve energy efficiency in Council buildings significantly, investment is now required. The Refit option allows the Council to develop a relationship with a pre-approved supplier that will deliver guaranteed savings and measured against an approved Measurement & Verification (M&V) plan. Refit is a joint venture between HM Treasury and the Local Government Association that allows public bodies to achieve substantial guaranteed financial benefits through energy efficiency and / or generation. This is delivered by Local Partnerships
- 1.6 Over the past year the council has been working with Local Partnerships and their Refit Programme, to scope a large scale energy efficiency project, which will reduce carbon emissions, energy use and associated costs.
- 1.7 The recommendation is to develop a full business case to the design stage, in conjunction with Local Partners for formal submission to senior management to proceed to installation. This will allow the delivery of future improvements to give us the greatest range of options for saving and generating income. This is needed to deliver the desired results in the shortest time and to give the Council maximum flexibility regarding future work.
- 1.8 Refit started in London in 2008 as a pilot scheme and was subsequently rolled out to the rest of the country in 2009. Refit is therefore established and a tried and tested model.
- 1.9 It provides a framework of pre-qualified providers required to adhere to pre-agreed contract terms, allowing:
 - fast efficient tendering
 - procurement of energy efficiency and generation measures with guaranteed energy savings / performance levels
 - expert teams providing end to end support
 - sharing of best practice
- 1.10 The Framework covers energy efficiency retrofit and local energy generation measures. This includes:
 - provision and installation of new equipment
 - optimisation of equipment
 - maintenance in relation to the above
 - energy generation measures
- 1.11 Types of energy conservation measure include:

- lighting upgrades and controls
- boiler upgrades and replacement
- combined heat and power units
- heating controls
- cooling and air conditioning
- building management systems
- voltage optimisation
- variable speed drives
- street lighting
- district heating
- solar
- energy centres

1.12 As part of the process a Desk Top Assessment is completed against which contractors produce their tender submissions. The winning contractor will then produce a High Level Appraisal (HLA) which is developed into an Investment Grade Proposal, this is the guaranteed payback that will be achieved and it is not until this is produced that the authority is committed to capital expenditure.

1.13 The expected timeframe for development of the project is shown below:

| Stage | Details | Timescale | End Key Date |
|--------------|---|------------------|--|
| 1 | Identify Requirements, Resources and Funding Approach | 4-8 weeks | Sign up in September Completed by Mid-October |
| 2 | Tender Phase – Select supplier | 8 weeks | End of November |
| 3 | Full Investment Grade Design Proposals | 2-3 months | End of January / Mid-February |
| 4 | Install Energy Conservation Measures | 2-3 months | Complete min. £0.5-£1m value of installs by end of March Rolling programme of installation afterwards |
| 5 | Service Delivery / Monitor Performance | Annual 3 days | Report is issued a year after the installations signed off/live |

1.14 Having contracted with an energy company the Council is then able to contract further phases of work that could develop income generating opportunities. These include:

- Through renewables – Roof mounted solar PV via power purchase agreements
- Energy efficiency programmes aimed at schools, SMEs, community groups and other interested local organisations. The council can apply a administration fee to support the programme's delivery
- Possibility for providing council owned energy centres and district heating solutions for new housing developments
- Consider the opportunities for innovation within the region for scaled battery storage
- Support the roll out of vehicle electrical charging points

1.15 Options Considered

- 1.15.1 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.
- 1.15.2 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.
- 1.15.3 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.

- 1.15.4 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.

2. Policy Implications

None

3. Financial Implications

- 3.1 The project cost charged by Local Partnerships is £70,000 which is payable in three instalments following completion of the relevant stages as detailed in the table below.

| Stage in Refit process | Instalment |
|--|-------------------|
| Date of the client support agreement (“Milestone 1”) | £16,000 |
| Mini-Competition launch date (“Milestone 2”) | £30,650 |
| Date of first Works/Optimisation Service Agreement (WOS) (“Milestone 3”) | £23,350 |
| Total | £70,000 |

- 3.2 The Refit Scheme may be extended to include other public bodies and an element of the project costs will be recovered.
- 3.3 As reported in the February 2017 budgetary control monitoring report £200,000 was transferred to reserves to fund one off set-up costs of cost reduction and invest to save projects. These funds are to be brought back from reserves to be used in the 2017/2018 budget as required. The project cost of the Refit project can be met from the uncommitted balance held in reserves.
- 3.4 Local Partnerships have data for 18 of the Councils buildings and the initial desktop assessment suggests that by investing £1m payback could be nine years saving £112,000 each year.
- 3.5 The approved capital programme 2017-2021 includes the following schemes which relate to improving energy efficiency. These schemes have not yet commenced and it is proposed that they will now be progressed as part of the Refit scheme.

| Scheme | Capital Budget |
|-----------------------------------|-----------------------|
| Multi Storey replace lighting | £200,000 |
| Corn Exchange house lighting | £35,000 |
| Corn Exchange back stage lighting | £20,000 |
| Lynnsport boiler and plant | £115,000 |
| Total | £370,000 |

- 3.6 It is proposed that invest to save decisions in respect of future projects to be undertaken within the Refit Scheme to be delegated to the Executive Director – Finance Services (S151 Officer) in consultation with the Leader, relevant Portfolio Holder and the Executive Director – Commercial Services. The capital programme to be amended accordingly and reported in the monthly budgetary control report to members.

4. Personnel Implications

A project team will be required to get to the investment grade proposal stage produced by the selected contractor. This would comprise:

| | |
|--------------|----------------------|
| Project Lead | Neil Gromett |
| Procurement | Tony Hague |
| Property | Robert Wiseman |
| Property | Mark Fuller |
| Accountancy | Lorraine Gore |
| Legal | Emma Duncan, Eastlaw |

5. Statutory Considerations

The procurement process will be via a framework that complies with Public Contracts Regulations

6. Equality Impact Assessment (EIA)

(Pre screening report template attached)

7. Risk Management Implications

8. Declarations of Interest / Dispensations Granted

9. Background Papers

(Definition : Unpublished work relied on to a material extent in preparing the report that disclose facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

Appendix A

| Asset number | Name of asset/ building | Full address |
|---------------------|------------------------------------|--|
| 1 | Downham Market Leisure Centre | Alive Downham Leisure, Bexwell Road , Downham Market, Norfolk , PE38 9LL |
| 2 | ST James Pool | Alive St James Pool, Blackfriars Street, Kings Lynn, Norfolk, PE30 1NN |
| 3 | Oasis | Alive Oasis, Central Promenade, Hunstanton, Norfolk, PE365BD |
| 4 | CEX | Kings Lynn Corn Exchange, Tuesday Market Place, Kings Lynn, PE30 1JW |
| 5 | Lynnsport | Alive Lynnsport, Greenpark Avenue, Kings Lynn, Norfolk , PE302NB |
| 6 | Crematorium | Mintlyn Crematorium, Lynn Road, Kings Lynn, PE32 1HB |
| 7 | Void | Void |
| 8 | Multi-storey Car Park | (St James) Multi-storey, Clough Lane, Kings Lynn, PE30 1BT |
| 9 | Kings Court | Kings Lynn and West Norfolk Borough Council, Kings Court, Chapel Street, Kings Lynn PE30 1EX |
| 10 | Kings Lynn Town Hall | Kings Lynn Town Hall, Saturday Market Place, Kings Lynn, PE30 DQ |
| 11 | Depot / Nursery | Depot Hamlin Way, Hardwick Narrows, Kings Lynn, PE3 4NG |
| 12 | Arts Centre and Guildhall | Kings Lynn Arts Centre, 27-29 King Street, Kings Lynn, PE30 1HA |
| 13 | South Lynn Community Centre | South Lynn Community Centre, 10 St Michaels Road, Kings Lynn, PE305HE |
| 14 | Gaywood Community Centre | Gaywood Community Centre, Gayton Road, Gaywood, King's Lynn, PE30 4DZ |
| 15 | Fairstead Community Centre | Fairstead Community Centre, Centre Point, Fairstead, Kings Lynn, Norfolk, PE30 4SR |
| 16 | Highgate Community Centre | Highgate Community Centre, Highgate, King's Lynn, Norfolk, PE30 1PU |
| 17 | Valentine Road Council Offices | Council Offices, North Area, Valentine Road Hunstanton, PE36 5EF |
| 18 | Dutton Pavilion, Kings Lynn | Dutton Pavilion, Beulah Street, Kings Lynn, PE30 4ND |
| 19 | Kingsway Pavilion | Kings Way Pavilion, Kings Way, Kings Lynn, PE30 2ED |
| 20 | Street Lighting | Listed in PDF file, 851 lamps replacements |



| 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 centres, depot, car parks, public conveniences, rented buildings, street lighting and then in latter phases with local partners to reduce their consumption of energy. 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> | <table border="1"> <thead> <tr> <th></th> <th>Positive</th> <th>Negative</th> <th>Neutral</th> <th>Unsure</th> </tr> </thead> <tbody> <tr> <td>Age</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Disability</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Gender</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Gender Re-assignment</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Marriage/civil partnership</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Pregnancy & maternity</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Race</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Religion or belief</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Sexual orientation</td> <td></td> <td></td> <td>x</td> <td></td> </tr> <tr> <td>Other (eg low income)</td> <td></td> <td></td> <td>x</td> <td></td> </tr> </tbody> </table> | | 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 | |
| | | 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> | <p>Actions:</p> <p>Actions agreed by EWG member:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment completed by: Neil Gromett | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chief Operating Officer – Alive Management | Date : 03/08/17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

