

	<h2>Policy and Resources Committee</h2> <h3>Mon 11th June 2018</h3>
<p style="text-align: right;">Title</p>	<p>Authorisation to participate in the Mayor of London’s REFIT programme to retrofit energy saving measures to Council assets to save energy and running costs</p>
<p style="text-align: right;">Report of</p>	<p>Cath Shaw, Commissioning Director, Growth & Development</p>
<p style="text-align: right;">Ward</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Iliana Koutsou Client Lead – Capital Works 0208 359 5494 iliana.koutsou@barnet.gov.uk</p>

Summary

The report seeks approval for Barnet Council to participate in the Greater London Authority (GLA) GLA’s REFIT programme to retrofit energy saving measures to Barnet Council assets to save energy and running costs. To enable this, Barnet Council can apply for a 0% interest loan from Salix, an independent, not for profit company which provides interest free capital for the public sector to reduce their energy costs by enabling the installation of modern, energy efficient technologies and replacing dated, inefficient technologies. Barnet Council would utilise the GLA’s procurement framework to secure a contractor. Currently, Barnet Council does not have a programme of major energy saving measures and initiatives to reduce running costs across its assets, so the GLA’s REFIT programme presents an opportunity for Barnet Council.

Recommendations

- 1. That the Committee resolve that Barnet Council participates in the Mayor of London's RE:FIT programme to secure energy savings across Barnet Council assets.**
- 2. That the Committee approve the decision to apply for a 0% interest Salix loan for energy saving works, subject to due diligence.**
- 3. That the Committee approve the decision for Barnet Council to utilise the GLA's fast track procurement framework for the works**

1. WHY THIS REPORT IS NEEDED

- 1.1 RE:FIT is the Mayor of London's building retrofit programme for the public and third sector, guaranteed to cut energy costs, find new ways to generate income, improve energy performance and reduce carbon emissions. This report provides authorisation for Barnet Council to engage in RE:FIT, and to seek a 0% interest loan to support this activity.
- 1.2 Council assets could include the town hall, libraries, depots, schools, community buildings etc. Typical energy saving measures could include loft insulation, insulation to pipework, photovoltaic panels. At this stage the Council assets and the energy saving measures are not specified. This is because a contractor must be appointed first, to undertake analysis of assets and propose suitable energy saving measures.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The recommendations will enable Barnet Council to make use of the GLA procurement framework to retrofit energy saving measures to Council assets. It is recommended that a 0% loan (from Salix) is made use of, as the Council cannot borrow funds otherwise at such a favourable interest rate.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Council could do nothing, but this is not recommended as energy and cost savings will not be realised.
- 3.2 The Council could carry out its own procurement exercise to procure energy saving measures from the market. This is not recommended as it would be a time consuming process and costlier than using the GLA programme office. The GLA provide a fast-track OJEU compliant framework with 16 contractors to choose from.

4. POST DECISION IMPLEMENTATION

- 4.1 The Council will conduct a soft marketing exercise to ascertain interest from the GLA's contractors in the energy saving work across its estate.
- 4.2 The Council will work with the GLA to complete the Salix 0% loan application.
- 4.3 The Council will work with the GLA to compile the tender documents.
- 4.4 The successful contractor will identify appropriate Council assets and energy saving measures.
- 4.5 Once the loan is secured, the works will be implemented. The contractor is contractually obliged to monitor the energy savings and report to the Council and GLA. This means that a measurable improvement in energy performance per annum is guaranteed.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 This project is in line with the Council's vision to deliver responsible and sustainable investment, and deliver energy cost savings across Council assets.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 At this stage the loan amount is not defined. This is because the amount of loan required will depend on the works identified by the successful contractor. Once the contractor is secured through the procurement process, the amount of loan will be able to be articulated. The loan could be between £300-000-£1M+.
- 5.2.2 At this stage, the procurement value is not defined. This is because value of the works across the Council's assets will be defined by the successful contractor. The works will be undertaken by an OJEU compliant contractor. The GLA provide a fast-track OJEU compliant framework with 16 contractors to choose from.
- 5.2.3 Staffing resource will be minimal due to support from the GLA programme office.
- 5.2.4 Assets owned by Barnet Council will be considered for energy saving measures.
- 5.2.5 This project will contribute towards the Council's financial sustainability, reducing the amount spent per annum on running costs (electricity, heating) which will be used to repay the loan over 5 years. The project also contributes towards environmental sustainability, as energy use will be reduced.

6. Legal and Constitutional References

- 6.1.1 The Council's Constitution, Article 7 sets out Policy and Resources Committee terms of reference including strategic policy, finance and effective use of resources including authorising procurement activity within the remit of the Committee.
- 6.1.2 As long as the RE:FIT Framework Agreement was lawfully procured, the Council is named as a potential call-off body in the Framework Documents, the services are in scope then the Council can utilise the Framework Agreement

for the proposed works; the report authorisation will enable this process.

6.1.3 Legal advice should be sought on the terms and conditions of the Loan Agreement before the Council executes it. The Council must be aware and clear on the obligations it is agreeing to take on under the Loan Agreement and have plans in place to ensure that it can adhere to these.

6.1.4 Legal services should be instructed to review, advice and complete the Framework and Loan Agreement.

7. Risk Management

7.1 The risks associated with this programme of works are:

7.1.1 If energy saving measures don't have a payback period of 5 years or less, this will not be funded by Salix, consequently there will not be funding for works to proceed. To mitigate this risk, the tender will be restricted for the contractor to identify measures which comply with Salix conditions.

7.1.2 If the Salix loan is not secured, LBB will not proceed with works, consequently energy saving measures will not be realised. However, if this occurs, LBB will not have lost funds (i.e. no abortive works), and can withdraw from the process. To mitigate this, the Council will work closely with Salix to minimise this risk.

7.1.3 If retrofitted asset is disposed within 5 years of energy saving works, savings will not be realised. To mitigate this, the Council will ensure there are no short term disposal or development plans (beyond 5 years) for assets selected for retrofit works.

8. Equalities and Diversity

A neutral impact on equalities and diversity is anticipated from retrofitting assets in the borough so they are more energy efficient.

9. Consultation and Engagement

None relevant to this administrative process at this stage that is to be carried out by Council staff. Once appropriate assets are identified, users of the assets (including the public, staff, community groups etc) will be notified of any building works associated with the retrofitting measures. Retrofitting works will take service delivery into account to minimise any disruption to services.

10. Insight

The GLA has reviewed the Council's assets in a desktop exercise to identify potential savings. This analysis will be used by the successful contractor to inform the selection of the asset and appropriate energy saving measure.

11. BACKGROUND PAPERS

None