



## **ADVANCED PUBLICATION OF REPORTS**

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members  
and operational key decision makers.

Once signed all decisions will be published on the Council's  
Publication of Decisions List.

- 1. INVESTMENT DECISION FOR RE:FIT 2 - ENERGY RETROFITTING IN  
CORPORATE BUILDINGS FOR TRANCHE 2A SITES, INCLUDING  
ASSOCIATED INTERNAL RECHARGE TO CMCT & APPROVAL OF  
TRANCHE 3 SITES (Pages 1 - 16)**

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**MUNICIPAL YEAR 2019/2020 REPORT NO.****ACTION TO BE TAKEN UNDER  
DELEGATED AUTHORITY****OPERATIONAL DECISION OF:**

Executive Director -  
Resources

<b>Agenda – Part: 1</b>	<b>KD Num: 4858</b>
<b>Subject:</b> <b>Investment Decision for RE:FIT 2 - Energy Retrofitting in Corporate Buildings for Tranche 2a sites, including associated internal recharge to CMCT &amp; approval of Tranche 3 sites</b>	
<b>Wards: All</b>	

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**1. EXECUTIVE SUMMARY**

- 1.1 In 2017, the Council used the Greater London Authority's RE:FIT Framework to set up an 'Invest to Save' energy retrofitting programme. The initial RE:FIT 2, Tranche 1 focused on the 18 most energy intensive corporate buildings; the installation of energy conservation measures (ECMs) in those buildings is nearing completion.
- 1.2 The Council now wishes to progress with a further 32 corporate buildings under Tranche 2a. An Investment Grade Proposal (IGP) has been developed by Ameresco Ltd, the Council's contracted provider. This has identified an opportunity to install approximately £370k worth of ECMs (where it is directly responsible for paying the energy bills). By investing, the Council will receive significant upgrades to its energy infrastructure, with guaranteed annual energy savings of approximately £40k and almost 80 tonnes CO<sub>2</sub> per year, with a payback of 9.4 years and a 10% reduction in energy costs for these buildings.
- 1.3 An internal recharge to Corporate Maintenance & Construction Team of approximately £37k is required; this will provide the expert construction related technical services for the delivery of contract works for the Tranche 2a projects.
- 1.4 Provided we are still satisfied with the Service Provider's performance with Tranche 2a, the intention is to commission further tranches with the same contractor to save more money, energy and carbon. Each Tranche will be subject to its own IGP and subsequent investment decision. It is intended that Tranche 3 considers the remaining handful of corporate buildings.
- 1.5 Exceeding statutory requirements and investing in remaining Council buildings will save money, energy and carbon. It will help deliver Sustainable Enfield and the Council's new 60% carbon reduction target by 2025 (compared to a 2009 baseline), helping to promote the Council's green credentials. It will also enable the Council to meet its statutory obligations (i.e. under the Housing and

## **2. RECOMENDATIONS**

That the Executive Director – Resources:

- 2.1 Approves the decision to invest approximately £370k in Tranche 2a - RE:FIT 2 at 32 corporate buildings in accordance with the Investment Grade Proposal drawn up by Ameresco Ltd.
- 2.2 Approves that the investment will be funded through its existing Salix Recycling Fund, with an additional 'top-up' interest-free payment of up to £200k which will be match-funded by the Council through corporate finance reserves and recovered through the savings.
- 2.3 Approves the decision to make an internal recharge of approximately £37k to Corporate Construction & Maintenance Team to provide the expert construction related technical services and ensure the delivery of the contract works for the Tranche 2a projects.
- 2.4 Approves that following a successful IGP for Tranche 2a, the Council commissions Ameresco Ltd to undertake an IGP for Tranche 3 – this will be the final remaining 'mop up' session for corporate properties.
- 2.5 Approves the Council to underwrite the cost of the IGP for Tranche 2a, estimated to be approximately £25k, should it subsequently decide not to invest in Tranche 2a.
- 2.6 Approves the delegation to the Director, Commercial to finalise the approval of the timetable and any revisions to projects of the delivery programme for Tranche 2a.

## **3. BACKGROUND**

- 3.1 In June 2017, the Executive Director – Regeneration & Environment, authorised the Sustainability team to use the Greater London Authority's RE:FIT Framework (see RE 17/12 entitled 'RE:FIT 2 – Energy Retrofitting in Corporate Buildings'). The OJEU compliant Framework provided the means to select a service provider to develop an IGP for the energy retrofitting programme.
- 3.2 By improving the energy performance of its corporate buildings, the Council is able to meet its statutory obligations (i.e. under the Housing and Planning Act 2016 and the Minimum Energy Efficiency Standards) as well as internal carbon reduction targets. RE:FIT 2 also support the Council to exceed statutory compliance and save money, energy and carbon.
- 3.3 Following the issue of an Invitation to Tender in August 2017 and the holding of a mini-competition in October 2017, the Council selected

Ameresco Ltd as the service provider. A further Operational Delegated Authority Report was required for the actual award and appointment of the contract to Ameresco Ltd in relation to the provision of the RE:FIT 2 IGP. This was subsequently approved in January 2018 by the Executive Director – Regeneration & Environment (see RE 17/75 entitled ‘Award and Appointment of Winning Service Provider for RE:FIT 2 - Energy Retrofitting in Corporate Buildings’).

## **Tranche 1**

3.4 The initial focus was on the 18 most energy intensive corporate buildings – these sites formed Tranche 1 and comprised:

- |                              |                                       |
|------------------------------|---------------------------------------|
| - Civic Centre               | - Millfield Theatre                   |
| - Morson Road depot          | - Thomas Hardy House                  |
| - Charles Babbage House      | - Central Library (Enfield)           |
| - Green Towers Centre        | - Cheviot’s Children’s Centre         |
| - Queen Elizabeth II Stadium | - Rose Taylor Centre                  |
| - Enfield Business Centre    | - Formont Centre                      |
| - Millfield House            | - Edmonton Family Centre              |
| - Central Pavilion           | - Community House                     |
| - Forty Hall                 | - Enfield Safety Centre (CCTV Centre) |

3.5 An Investment Decision for RE:FIT 2 Tranche 1 sites was approved in March 2018 (see RE 17/126 - Investment Decision for RE:FIT 2 - Energy Retrofitting in Corporate Buildings and Approval of Tranche 2 Sites). An amendment was then approved in June 2018 to reflect the internal recharge to CMCT to provide the expert construction related technical services i.e. the ‘delivery arm’ of the Tranche 1 projects (see Amendment to Investment Decision for RE:FIT 2 - Energy Retrofitting in Corporate Buildings and Approval of Tranche 2 Sites).

## **Tranche 2**

3.6 Since August 2018, Ameresco Ltd (the service provider) has surveyed the remaining corporate buildings to identify and quantify energy saving opportunities. This included discussions with site operators and end users. Preliminary findings were initially collated in the form of a High Level Appraisal. From there, the proposals were reviewed and refined further to create an IGP. There is a total of 32 corporate buildings in Tranche 2a.

## **Summary Findings of the Investment Grade Proposal**

3.7 Through the implementation of ECMs, the Council will receive significant upgrades to its energy infrastructure. The service provider will deliver approximately £370k worth of investment with a guaranteed annual energy saving of approximately £40k and almost 80 tonnes CO<sub>2</sub> per year, with a payback of 9.4 years. This equates to a 10% saving in the energy bills for those 32 corporate buildings. Table 1 shows the ECMs for each included building.

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## 3.7.1 Table 2 shows the costs and savings for each building.

Site No	Premises	Total Energy Savings (kWh/Year)	Total Energy Cost Savings (£/Year)	Carbon Savings (tonnes e/Year)	Total Capex (£)	Simple Payback (Years)
1.	Palmers Green Library	15,929	£2,868	4.9	£14,667	5.1
2.	Swan Annexe	79,366	£7,992	19.2	£54,662	6.8
3.	Ordnance Unity Centre	47,555	£4,484	11.3	£41,453	9.2
4.	<del>Ridge Avenue Library</del>	<del>36,957</del>	<del>£2,434</del>	<del>7.9</del>	<del>£26,699</del>	<del>11.0</del>
5.	<del>Craig Park Youth Centre</del>	<del>6,023</del>	<del>£1,084</del>	<del>1.9</del>	<del>£10,858</del>	<del>10.0</del>
6.	Albany Park Bowls Club (Blk D)	3,462	£623	1.1	£4,944	7.9
7.	Albany Park Changing Rms (BkE)	1,270	£229	0.4	£2,851	12.5
8.	Albany Prk Caretaker Hut (Blk F)	1,155	£208	0.4	£2,482	11.9
9.	<del>Albany Youth Centre</del>	<del>7,334</del>	<del>£1,321</del>	<del>2.3</del>	<del>£13,740</del>	<del>10.4</del>
10.	Bowes Library (Blk A)	7,312	£1,317	2.2	£10,820	8.2
11.	Clowes Pavilion	4,109	£740	1.3	£4,669	6.3
12.	<del>Croyland Youth Centre</del>	<del>3,372</del>	<del>£607</del>	<del>1.0</del>	<del>£6,385</del>	<del>10.5</del>
13.	Fore Street Library	11,476	£2,066	3.5	£26,177	12.7
14.	Bush Hill Park Library	3,771	£679	1.2	£9,049	13.3
15.	<del>New Options</del>	<del>4,391</del>	<del>£197</del>	<del>0.9</del>	<del>£1,136</del>	<del>5.8</del>
16.	Oakwood Library	6,397	£1,152	2.0	£20,674	17.9
17.	Pymmes Park Nth Pavilion (Blk A)	1,063	£191	0.3	£3,537	18.5
18.	Salisbury House	18,136	£1,018	3.7	£14,861	14.6
19.	Winchmore Hill Library	7,687	£1,384	2.4	£22,427	16.2
20.	Bush Hill Park Pavilion Rooms	5,629	£1,014	1.7	£10,774	10.6
21.	Bush Hill Park Old Peoples' Hut	2,928	£527	0.9	£5,879	11.1
22.	PymmesPrkDepot, OPCtre (BlkC)	3,652	£568	1.1	£8,209	12.5
23.	St David's Park Workshop/Office	3,590	£646	1.1	£5,829	9.0
24.	Tottenham Sports Pavilion	2,856	£514	0.9	£7,520	14.6
25.	Trent Park Bothy Office/Depot	1,124	£202	0.3	£2,392	11.8
26.	Bullsmoor Library	2,672	£481	0.8	£6,629	13.8
27.	Broomfield Park Changing (Blk B)	1,715	£309	0.5	£2,770	9.0
28.	Broomfield Park Bowls/Mess BlkS	4,592	£827	1.4	£5,454	6.6
29.	Durants Park Bowls Pav'n (Blk C)	2,624	£472	0.8	£3,380	7.2
30.	Durants Park Mess Room (Blk B)	7,476	£1,346	2.3	£7,985	5.9
31.	Florence Hayes Rec'n Ground	1,924	£346	0.6	£4,627	13.4
32.	Hazelwood Sports Pavilion	2,055	£370	0.6	£3,988	10.8
33.	Henry Barrass Changing Rooms	203	£36	0.1	£906	24.8
34.	<del>Community Link</del>	<del>1,544</del>	<del>£278</del>	<del>0.5</del>	<del>£2,703</del>	<del>9.7</del>
35.	Hillyfields Depot	3,315	£597	1.0	£5,256	8.8
36.	Palace Gdns MultiStorey Car Park	2,286	£412	0.7	£4,596	11.2
37.	John Wilkes House	6,361	£1,145	2.0	£2,394	2.1
38.	<del>Park Avenue Day Centre</del>	<del>37,409</del>	<del>£3,364</del>	<del>8.7</del>	<del>£37,827</del>	<del>11.2</del>
39.	Civic Centre (Basement Car Park)	22,740	£4,095	7.0	£45,466	11.1
<b>TOTAL</b>		<b>286,430 kWh</b>	<b>£38,858</b>	<b>77.7t</b>	<b>£367,327</b>	<b>9.4 yrs</b>

Table 2 – Overview of Cost and Savings per Building

NB: With the inclusion of the internal recharge to CMCT, the payback is 10.4 years.

- 3.8 The Service Provider will also look to use, wherever possible, local SMEs in Enfield. By using local contractors, they will be able to increase green jobs and the local economy. It also enables the project to have a more, personal approach. Moreover, this approach means the Council is able to reinvest in to the local community through the programme, which can be communicated as a good news story.

### **Internal Recharge to Corporate Maintenance & Construction Team**

- 3.9 An internal recharge to Corporate Maintenance & Construction Team of approximately £37k is required; this will provide the expert construction related technical services (i.e. providing the 'delivery arm' for RE:FIT 2, with 'Clerk of Works' role on the client side) and ensure the delivery of the contract works for the Tranche 2a projects. This will include:

- Technical expertise - Building Surveyors / Mechanical Services Engineers / Electrical Services Engineers / Quantity Surveyors / CDM Client due diligence / Site Inspection / Technical admin
- Functions and duties will be both 'Client Technical' due diligence and Construction industry standard schedules of services for each RIBA stage as relevant to the procurement:
  - As part of the 'Client Technical' due diligence, CMCT will review advice on any potential issues that may impact on future maintenance of the corporate buildings, identify any further investigation that may be required such as Asbestos R&D or Structural Surveys and give consideration to Corporate Landlord implications
  - As part of the Construction services, CMCT will provide advice on the pre-contract tender documents and post contract the key duty will be to act as Contract Administrator under the JCT Contract and to undertake Design acceptance of Contractors Proposals
  - CMCT will also assist with contract advice, the procurement process on LTP, Authority Reports, issue Letters of Limited Liability / Acceptance, raise Purchase Orders, manage payments and provide Capital Monitor reporting

- 3.10 All other roles will remain unchanged. The Commercial Operations Manager – Sustainability will continue in the role of Programme Sponsor and will be supported by the RE:FIT Delivery Unit on contract management; Ameresco Ltd is both the Principal Contractor and Principal Designer (see 11.1).

- 3.11 By adding the internal recharge to CMCT of approximately £37k to the overall cost of the Tranche 2a programme, the payback will rise from 9.4 years to 10.4 years.



### **Tranche 3 Buildings**

3.12 Tranche 3 will include any remaining corporate buildings (where the Council pays the energy bills). This will essentially be a 'mop-up' session for sites that were previously considered for the earlier Tranches 1 and 2a but were not put forward at that time due to various uncertainties about their future (e.g. disposals, refurbishments or similar). It will also include any projects that were delayed from earlier tranches due to unforeseen circumstances.

3.13 The Tranche 3 sites and delayed projects are listed in Appendix 1.

### **Source of Funding for RE:FIT 2a**

3.14 The Council has operated a Salix Recycling Fund since mid-2010 where a conditional grant of £300k was initially obtained from Salix Finance Ltd and match-funded by the Council. Since that time, the savings from the energy saving projects invested with the fund have been recycled back to the fund.

3.15 In 2018, a successful application was made to Salix Finance Ltd to 'top-up' the original fund with an additional interest-free £300k. This was again match-funded by the Council and covered the costs of Tranche 1 projects.

3.16 To cover the costs of Tranche 2a project, Salix Finance Ltd has agreed to make a second 'top-up' to the original fund with an additional interest-free payment of up to £200k which will be match-funded by the Council through corporate finance reserves.

### **RE:FIT 1**

3.17 The Council previously used the RE:FIT Framework in 2013/14 to invest approximately £1.7 million in 3 corporate buildings and 11 schools, including the Civic Centre, saving £240,000 per year with a payback of 7 years. This was RE:FIT 1. Measurement and verification of a sample of ECMs installed under RE:FIT 1 of a similar nature and at a similar type of premises to those proposed for RE:FIT 2 has shown that the savings expected to be delivered have been made.

### **RE:FIT 2 – Tranche 1**

3.18 The Council then used the RE:FIT Framework again in 2017/18 for its RE:FIT 2 - Tranche 1 programme to invest a save a further approximately £950k in 18 corporate buildings, saving £144k per year with a payback of 7 years. Works started in November 2018 and are due to be completed in about April 2019.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The Minimum Energy Efficiency Standards (MEES) is a statutory requirement under the Energy Act 2011, forming a key driver for the Strategic Property Review. For corporate buildings having less than the minimum energy performance certificate rating of E (i.e. an F or G energy rating), there is no alternative if the Council intends to carry on renting these properties beyond 1<sup>st</sup> April 2018 unless it registers an exemption (e.g. where an independent assessor determines that all relevant energy efficiency improvements have been made to the property).
- 4.2 MEES also requires that from 1<sup>st</sup> April 2018 that all new buildings that become part of the Council estate fall within the top quartile of national energy performance.
- 4.3 After 1<sup>st</sup> April 2023, property owners must not continue to let any buildings which have an EPC rating of less than E unless an exemption is registered.
- 4.4 For corporate buildings with an energy rating of E or above (i.e. A to E), there is no current statutory requirement to act through MEES. However, the new Housing and Planning Act 2016 includes a duty for local authorities to report on improving efficiency and sustainability in existing Council buildings from 2017. Furthermore, by not acting, the Council will lose the opportunity invest in up to a further £370k and save approximately £40k per year. Exceeding the Council's statutory requirement to retrofit through RE:FIT 2 will save money, energy and carbon.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The energy retrofitting project in corporate buildings will enable the Council to meet its statutory obligations through both the Housing and Planning Act 2016, and the Minimum Energy Efficiency Standards (MEES) from April 2018. RE:FIT 2 also enables the Council to exceed statutory compliance and as a result saving money, energy and carbon.
- 5.2 Using the RE:FIT Framework as a procurement method means the Council can minimise price risk by stating a maximum capital cost from the IGP, in this case, £367,327 for Tranche 2a. If this is not met then Tranche 2a of RE:FIT 2 will not proceed.
- 5.3 The RE:FIT Programme Delivery Unit provides free-of-charge consultancy support to public sector organisations participating in the programme. This includes support throughout the project including development of the Invitation to Tender, outline project feasibility and quality assurance. The RE:FIT Service Providers guarantee energy savings as set by the Contracting Authority in the Invitation to Tender, providing a solid business case to mitigate the risk of underperformance. As with RE:FIT 1, the payback is set at a maximum of 10 years to ensure we pick up all relevant energy saving technologies.

- 5.4 The project will follow the same 'Invest to Save' model as the Salix Recycling Fund, the Salix interest free loan (used for the street lighting trimming and dimming project) and previous RE:FIT projects.
- 5.5 The energy retrofit of the 32 Council buildings in total (where it is directly responsible for paying the energy bills) will save money, energy and carbon. This will contribute to the Council's new 60% carbon reduction target by 2025, as compared to a 2009 baseline. It will also enable the Council to further lead by example and promote its green credentials.

## **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS**

### **6.1 Financial Implications**

- 6.1.1 This Report seeks the approval for Investment Decision for RE:FIT 2 – Energy Retrofitting in Corporate Buildings and Approval of Tranche 2a buildings.
- 6.1.2 The Council to invest £367,327 in Tranche 2a of RE:FIT 2 for 32 corporate buildings in accordance with the IGP drawn up by Ameresco Ltd which is estimated to generate annual savings of £38,879; with investment average payback period of 9.4 years. Table 2 (see paragraph 3.7.1) shows the overview of costs and savings for each included building.
- 6.1.3 The Council to underwrite the cost of the IGP for Tranche 2a of £25k, should it subsequently decide not to invest in Tranche 2a.
- 6.1.4 The Council originally used the RE:FIT Framework in 2013/14 to invest to save approximately £1.7 million in 3 corporate buildings and 11 schools, including the Civic Centre, saving £240,000 per year with a payback of 7 years. These savings were never verified at the time which resulted in the Council spending extra money (approximately £9.5k) to cover this work retrospectively (see 6.1.5 below). Therefore, due to the lessons learned from RE:FIT 1, it is recommended that the Council holds a 5% retention fee to ensure that the proposed projects do deliver the savings stated by the contractor in the IGP and to safeguard the Council's proposed investment of £367,327. There is provision in the JCT for such retention deductions which would need to be released 12 months post completion once the proposed savings are verified through the first year's measurement and verification (M&V).
- 6.1.5 The findings of a recent measurement and verification exercise on a sample of ECMs installed under RE:FIT 1 of a similar nature and at a similar type of premises to those proposed for RE:FIT 2, has shown that the savings expected to be delivered have been made.

- 6.1.6 The Council has operated a Salix Recycling Fund since mid-2010 where a conditional grant of £300k was initially obtained from Salix Finance Ltd and match-funded by the Council. Since that time, the savings from the energy saving projects invested with the fund have been recycled back to the fund (as per the arrangements with Salix Finance Ltd).
- 6.1.7 To cover the costs of the Tranche 2a project, Salix Finance Ltd has agreed to make a second 'top-up' to the original fund with an additional interest-free payment of up to £200k. This will again be match-funded by the Council through the savings achieved from the previous Salix energy retrofitting projects and corporate finance reserves.
- 6.1.8 Savings achieved through this investment need to be earmarked in the short term to pay off the Salix Fund loan. Savings can be declared once the Salix agreement is terminated at some point in the future and the loan is paid back to Salix Finance Ltd.
- 6.1.9 The project will follow the same 'Invest to Save' model as the Salix Recycling Fund. As with the previous Salix Recycling Fund, the annual energy savings achieved through this proposal will be moved to the energy saving fund (Salix Fund) in order to build up the fund; and then utilise the savings to reinvest in future energy saving initiatives across the Council.

## **6.2 Legal Implications**

- 6.2.1 Section 111 Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 6.2.2 The Council also has a general power of competence in section 1(1) Localism Act 2011 which states that a local authority has the power to do anything that individuals may do, provided it is not prohibited by legislation.
- 6.2.3 In accordance with the Housing and Planning Act 2016, there is a duty on local authorities to report on improving efficiency and sustainability in Council buildings from 2017.
- 6.2.4 Furthermore, the Council as landlord also has a statutory duty to improve the energy efficiency in its buildings through the Minimum Energy Efficiency (MEES) Regulations. MEES Regulations require commercial buildings in England and Wales to be brought up to a minimum Energy Performance Certificate (EPC) rating of 'E'. From 1<sup>st</sup> April 2018, landlords of buildings within the scope of the MEES Regulations must not renew existing tenancies or grant new tenancies for 'F' and 'G' rated buildings. This is a statutory related requirement but also creates the opportunity for the Council to save money by saving energy as an integral of its 'Strategic Property Review.'

- 6.2.5 The Council has entered into a call-off contract with Ameresco Ltd who have been appointed under the GLA RE:FIT Framework Agreement. The Council must ensure it complies with the rules of the Framework Agreement.
- 6.2.6 The Council's Constitution, in particular the Contract Procedure Rules, permits the Council to call-off from an existing Framework Agreement, as long as this is permitted by the terms of the Framework Agreement (the Access Agreement for use of the RE:FIT Framework for energy performance contracting was signed on 8<sup>th</sup> November 2016).
- 6.2.7 The Council must also adhere to the Duty of Best Value in accordance with the Local Government Act 1999.
- 6.2.8 Any liability cap sought by the service provider must be expressly consulted with and authorised by the Executive Director – Finance, Resources & Customer Services. As such, a liability cap of £10m has been authorised by the Executive Director – Finance, Resources & Customer Services.
- 6.2.9 The terms of the call-off contract (and all ancillary documentation where relevant) must be reviewed and approved by Legal Services ahead of service commencement date (this was signed by Ameresco Ltd in April 2018 and the Council in May 2018).

### **6.3 Property Implications**

- 6.3.1 Strategic Property Services supports the initiative to decrease corporate energy consumption in operational buildings, thereby exceeding statutory requirements. Investing in all remaining Council buildings will save money, energy and carbon and will contribute to the Council's 60% carbon reduction target by 2025.
- 6.3.2 Careful consideration, however, should be paid to co-ordinating investment activity of this type with the identification and sale of surplus operational property and the wider asset rationalisation programme. The Council would not wish to invest in energy retro-fitting of any building where it was reasonably foreseeable that the property asset could be deemed suitable for future disposal within a timeframe where the "invest to save" criteria could not be achieved.
- 6.3.3 Having considered the list of Tranche 2a properties provided in table 2 above and in particular, the individual levels of investment and pay back periods, Strategic Property Services does not envisage any conflicts with the emerging operational asset strategy.

## **7. KEY RISKS**

- 7.1 The financial risks associated with the IGP are mitigated through the RE:FIT contract, with the service provider guaranteeing energy savings as set by the Contracting Authority in the Invitation to Tender.
- 7.2 The process is managed in such a way that there is no cost associated with selecting a service provider. Only if the Council decides not to proceed with the project after receipt of the detailed design in the IGP, will it be liable for the IGP costs of £25k.
- 7.3 Once the Tranche 1 installations have been completed, the officers involved will hold a debrief to review the performance of the service provider before formally committing to Tranche 2a. Should there be any areas of concern where improvements can be made and lessons can be learned, then these will be brought to the attention of the service provider to take on board for future tranches.
- 7.4 Contingency: the costs provided through the IGP process are a Guaranteed Maximum Price so mitigate programme risk, which is the responsibility of the contractor. This effectively negates any commercial risk to the Council, with the Council setting the parameters at tender stage. The IGP will then either deliver what is specified with no commercial risk, or does not deliver at all.
- 7.5 Although liaising closely with the Council's Corporate Maintenance & Construction Team and linking in with their Repairs and Maintenance programme, it is still prudent to allow for a 15% contingency for any enabling works that may be identified through the detailed design prior to the installation of the ECMs. This would be up to approximately £55k and come out of the corporate finance reserves.
- 7.6 The RE:FIT Delivery Unit will oversee and ensure that effective contract management is in place by attending monthly progress meetings to support the RE:FIT 2 programme.
- 7.7 The list of 32 Tranche 2a corporate buildings has been drawn up in consultation with Corporate Property. However, in the time that it has taken to survey these buildings and complete the IGP, the list may be need to be reviewed to take account of any property disposals (or imminent disposals) before any ECMs are installed; any acquisitions can be added to the IGP for Tranche 3.
- 7.8 The Council has decided not to hold a 10% retention fee to ensure the proposed projects deliver the savings stated by Ameresco Ltd in the IGP; firstly, on the advice of the RE:FIT Delivery Unit, a retention fee was not stated in the Invitation to Tender or the Call-off Contract since the savings are guaranteed through the M&V process which itself, is integral to the terms of the Call-off Contract and also the IGP. There are also additional senior management checks in place to ensure that mistakes made regarding the Call-off Contract and lack of M&V for RE:FIT 1 are not repeated.

- 7.9 Given the potential savings and environmental benefits, this would be a great opportunity for positive publicity for the Council and as the project proceeds, this opportunity is taken advantage of.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Good homes in well-connected neighbourhoods**

- 8.1.1 The reduction in energy consumption across the Council's property portfolio through energy retrofitting will result in lower energy bills and the need to purchase fewer CRC Energy Efficiency Scheme allowances (which itself will be replaced by a Climate Change Levy post 2019) for corporate buildings. These financial reductions will deliver improved value for money for the Council.

### **8.2 Sustain strong and healthy communities**

- 8.2.1 An additional invest to save energy retrofit project in corporate buildings will make a further contribution to reducing the Council's and Borough's carbon footprints to meet the associated 60% carbon reduction target by 2025.

### **8.3 Build our local economy to create a thriving place**

- 8.3.1 Investing in energy retrofitting technologies will enhance the reputation of the Council in the local community as a leader and will encourage others to follow. The Service Provider will also look to use, wherever possible, local SMEs in Enfield which will increase green jobs and the local economy. It also enables the project to have a more, personal approach. Moreover, this approach means the Council is able to reinvest in to the local community through the programme, which can be communicated as a good news story.

## **9. EQUALITY IMPACT IMPLICATIONS**

- 9.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. We need to consider the needs of these diverse groups when designing and changing services or budgets so that our decisions do not unduly or disproportionately affect access by some groups more than others.
- 9.2 Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to agree investment in RE:FIT 2 - Energy Retrofitting in Corporate Buildings. However, it should be noted that the any contracts awarded should include

a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 The RE:FIT Framework provides a procurement framework to manage the guaranteed savings through standard M&V protocols.

## **11. HEALTH AND SAFETY IMPLICATIONS**

- 11.1 The health and safety implications will be fully assessed through development of the IGPs and subsequent contract management of programme delivery; with Ameresco Ltd having defined roles as the Principal Designer and Principal Contractor.
- 11.2 Ameresco will mitigate and ensure that they meet with statutory obligations relating to health and safety for the project; in particular the requirements under the Health and Safety at Work etc Act 1974, the Construction (Design and Management) Regulations 2015 and the Council's CDM Policy Arrangements.

## **12. PUBLIC HEALTH IMPLICATIONS**

- 12.1 There are no direct public health implications from this report as this is a recommendation to implement measures to reduce energy consumption and costs. However, climate change has been described as the greatest threat to the health of the public in the 21<sup>st</sup> century and resultant carbon savings subsequent to this report will help mitigate this threat.

## **Background Papers**

None



## Appendix 1

### ***Remaining corporate site list for consideration for Tranche 3***

1.	Edmonton Centre 36-44 South Mall, London N9 0TN
2.	Triangle House 305-313 Green Lanes, London N13 4YB
3.	Alan Pullinger Youth Centre 1 John Bradshaw Rd, London N14 6BT
4.	Angel Community Centre 48 Raynham Rd, London N18 2JF
5.	Wheatsheaf Hall Main Avenue, Enfield EN1 1DS
6.	Gentleman's Row Public Offices, 1 Gentleman's Row, Enfield EN2 6PS
7.	Civic Centre, Silver Street, Enfield EN1 3XA <ul style="list-style-type: none"> <li>• A-Block (2<sup>nd</sup> floor, 1<sup>st</sup> floor, ground floor &amp; basements)</li> <li>• B-Block (north and south)</li> <li>• C-Block</li> <li>• D-Block</li> <li>• Basement (lower) car park</li> </ul>
8.	Formont Centre Waverly Road, Enfield EN2 7BP (Combined Heat & Power Unit)
9.	Millfield Theatre Silver Street, London N18 1PJ (Solar PV panels)
10.	Ridge Avenue Library Ridge Avenue, London N21 2RH
11.	Craig Park Youth Centre 2 Lawrence Road, London N18 2HN
12.	Albany Youth Centre Bell Lane, Enfield EN3 5PA
13.	Croyland Youth Centre 1 Croyland Road, London N9 7BA
14.	New Options 25 Connop Road, Enfield EN3 5FB
15.	Community Link 84 Silver Street, Enfield EN1 3EP
16.	Park Avenue Day Centre 65C Park Avenue, Enfield EN1 2HL
17.	PC Power Management – various corporate sites originally in Tranches 1 & 2a

***Table 3 – Tranche 3 Remaining Corporate Site List***

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