

## MUNICIPAL YEAR 2014/2015 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### PORTFOLIO DECISION OF:

Cabinet Member for Environment &  
Community Safety

### REPORT OF:

Director – Regeneration &  
Environment

**Agenda – Part: 1**

**KD Num: 3915**

### **Subject:**

**Carbon Reduction Commitment (CRC)  
Energy Efficiency Scheme - Purchasing of  
Allowances for 2013/14, CO2 Emissions**

**Wards: All**

Contact officer and telephone number: Email: [andrew.whelan@enfield.gov.uk](mailto:andrew.whelan@enfield.gov.uk)

tel: 020 8379 4561

## **1. EXECUTIVE SUMMARY**

- 1.1 Under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, the council is required to report its annual carbon emissions for the period 1 April 2013 to 31 March 2014 to the Environment Agency by 31 July 2014 and purchase allowances at £12 per tonne of carbon.
- 1.2 The council's carbon emissions in 2013/14 are 33,515 tCO<sub>2</sub>; priced at £12 per tonne, the carbon emissions equate to purchasing allowances for £402,180\* (which includes a small uplift relating only to those supplies with estimated consumption). \*A tolerance of + or - £1,000 has been made to allow for final adjustments before the figure is submitted to the Environment Agency on 31 July 2014.
- 1.3 The figure for 2013/14 carbon emissions is lower than that reported for 2012/13 carbon emissions by 2,552 tCO<sub>2</sub> (equivalent to £30,624 saving) owing to the council reducing its energy consumption through a number of invest to save projects (see 1.5 below) and the mild winter in 2013/14.
- 1.4 The methodology in arriving at the carbon emission figures was verified by an internal audit on the 17 June 2014 and a 5% sample of the data has also been checked by the Energy Manager.
- 1.5 The council is reducing its energy consumption through a number of invest to save projects (e.g. Salix Recycling Fund, REFIT, smart meters and New Ways of Working). Details of projects can be found in the Carbon Management Plan 2009-2014 (25% carbon reduction target against 2008/09 baseline) and the broader Enfield 2020 Sustainability Programme and Action Plan.

## **2. RECOMMENDATIONS**

That the Cabinet member for Environment & Community Safety:

- 2.1 Notes the content of the report.
- 2.2 Notes the requirement to report 33,515 tCO<sub>2</sub> in the council's Annual Report to the Environment Agency for its 2013/14 carbon emissions.
- 2.3 Agrees to purchase carbon allowances of £402,180\* (which includes a small uplift relating only to those supplies with estimated consumption). \*A tolerance of + or - £1,000 has been made to allow for final adjustments before the actual figure is submitted to the Environment Agency on 31 July 2014.

## **3. BACKGROUND**

- 3.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme was introduced in April 2010 and is a mandatory scheme aimed at improving energy efficiency and cutting carbon emissions in large public and private sector organisations.
- 3.2 The Scheme affects all organisations that, during the 2008 calendar year, had:
  - a) At least one half-hourly electricity meter (HHM) settled on the half-hourly market across the whole organisation
  - b) A total half-hourly electricity consumption over 6,000 megawatt-hours (MWh) once electricity used for transport and domestic accommodation has been excluded.

Enfield Council qualified as a participant on both counts.
- 3.3 By 31 July 2014, all participants are required to:
  - a) Report their annual consumption of tonnes of carbon emitted each year in an Annual Report to the Environment Agency and
  - b) Order carbon allowances to cover every tonne of CO<sub>2</sub> they emit each year (April to March). The price per tonne of CO<sub>2</sub> has been set at £12/tCO<sub>2</sub> for 2013/14 emissions.
- 3.4 The actual payment or purchase of allowances is a retrospective payment for emissions for the period between 1 April 2013 and 31 March 2014. The total emissions in tonnes of carbon to be reported in our Annual Report for this period is 33,515 tCO<sub>2</sub> (gas and electric). The figure for 2013/14 carbon emissions is lower than that reported the

previous year for 2012/13 carbon emissions by 2,552 tCO<sub>2</sub> (equivalent to £30,624 saving) owing to the council reducing its energy consumption through a number of invest to save projects (see 3.9 and 3.10 below) and the mild winter in 2013/14.

- 3.5 With allowances set at £12 per tonne of carbon, the 33,515 tCO<sub>2</sub> corresponds to a figure of £402,180\* for 2013/14 emissions (including a small uplift relating only to those supplies with estimated consumption). \*A tolerance of + or - £1,000 has been made to allow for final adjustments before the actual figure is submitted to the Environment Agency on 31 July 2014. The allowances are now essentially a 'carbon tax'.
- 3.6 The methods used to determine the total emissions of carbon follow guidance and protocols issued by the Environment Agency. In addition, the carbon emissions figures were verified by an independent internal audit on the 17 June 2014. The auditor was appointed by the London Energy Project, a public sector collaboration and comprehensive Energy Category Management Resource, which Enfield Council is a member of. The audit report will be signed off by the Director, Regeneration & Environment as the named the Primary CRC Contact as soon as it is received.
- 3.7 A 5% sample of the data has also been checked by the in-house Energy Manager.
- 3.8 While every effort is made by participants to submit data which is as accurate as possible, the Scheme allows a 5% tolerance in reporting.
- 3.9 The key drivers for the council brought about by the CRC Energy Efficiency Scheme are reducing energy consumption, lowering energy bills (at a time of rising energy prices) and the need to purchase fewer carbon allowances at £12/tCO<sub>2</sub> (2013/14 price).
- 3.10 The council is reducing its energy consumption through a number of invest to save initiatives. In 2010, the council successfully secured £300k from Salix Finance Ltd to invest in energy saving technologies in its buildings. The council also identified £300k of funds at that time in order to match-fund Salix contributions. In addition, the recycling fund, generated by energy savings delivered by the energy saving projects, will continue to add to the initial £600k investment. Examples of projects completed to date include draught proofing to doors and windows, voltage optimisation, variable speed drives, insulation, lighting controls and boiler management controls.
- 3.11 Other invest to save measures have included the installation of 146 smart meters since 2010 in corporate buildings and schools that have the highest energy consumption. The council completed its REFIT 1 project in March 2014 which is delivering large-scale energy efficiency

improvements, with Phase 1 investing £1.7 million in 3 corporate buildings (including the Civic Centre) and 11 schools.

- 3.12 Details of completed and current energy saving projects are recorded in the Carbon Management Plan 2009-2014 and the broader Enfield 2020 Sustainability Programme and Action Plan. The Carbon Management Plan sets a 25% carbon reduction target, compared to 2008/09 baseline levels. The council is on course to meet its target.
- 3.13 Next year is the first year of Phase 2 of the Scheme and Enfield Council will participate. Phase 2 will introduce several changes regarding the scope to be reported on. The two most significant changes are that all schools will be excluded and all street lighting, irrespective of the type of supply, will be included. The cost of allowances will also increase; Enfield has already forecast purchased allowances for 2014/15 and 2015/16 carbon emissions at the reduced price of £15.60 per tonne of carbon emitted (instead of £16.40).
- 3.14 A decision is needed on the figure stated in this Portfolio Report in order for there to be sufficient time for internal approval and sign-off of payment of CRC allowances to take place. The Scheme sets a statutory deadline of 31 July each year in which allowances have to be ordered. There is a risk of enforcement action by the Environment Agency if this deadline is not met.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

None. The purchase of allowances under the CRC Energy Efficiency Scheme is a statutory provision. (see 6.2 below)

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 For the period 1 April 2013 to 31 March 2014, the total emissions in tonnes of carbon to be reported in our Annual Report is 33,515 tCO<sub>2</sub> (gas and electric). The figure for 2013/14 carbon emissions is lower than that reported for 2012/13 carbon emissions by 2,552 tCO<sub>2</sub> (equivalent to £30,624 saving) owing to the council reducing its energy consumption through a number of invest to save projects and the mild winter in 2013/14.
- 5.2 Reductions in energy consumption have been attributable to the council implementing various energy efficiency improvements in buildings funded, for example, mainly through Salix Finance Ltd and also by the council's New Ways of Working initiative (see 3.9 and 3.10 above). The academies are still included as part of the council's portfolio for the purposes of reporting in 2013/14.
- 5.3 With allowances set £12 at per tonne of carbon, the 33,515 tCO<sub>2</sub> corresponds to a figure of approximately £402,180\* for 2013/14 emissions (which includes a small uplift relating only to those supplies

with estimated consumption). \*A tolerance of + or - £1,000 has been made to allow for final adjustments before the actual figure is submitted to the Environment Agency on 31 July 2014.

- 5.4 The methodology in calculating the figures for total carbon emissions which will be reported in our Annual Report final tCO<sub>2</sub> figure has been verified by an independent internal audit which took place on the 17 June 2014. The audit was arranged through the Council's membership with the London Energy Project. A 5% sample of the data was also checked by the in-house Energy Manager.

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

### **6.1 Financial Implications**

- 6.1.1 The report details the carbon allowances required to cover the council's carbon emissions for 2013/14 financial year, as the payment is retrospective.
- 6.1.2 Enfield Council's estimated\* carbon emissions in 2013/14 are approximately 35,410 tCO<sub>2</sub>; priced at £12 per tonne, the carbon emissions equate to purchasing allowances of approximately £425,000 (which includes a small uplift relating only to those supplies with estimated consumption). A provision has already been made in the 2013/14 accounts (£424,003.61), and for the small uplift, a budget is already set aside in the 2014/15 Medium Term Financial Plan.
- 6.1.3 The cost of carbon allowances for Schools is approximately £300,170.63, which will be met from Schools' budget. The remainder is for carbon emissions from the Councils' Corporate Buildings and this will be met from the Carbon Reduction Commitment provision; made in the 13/14 Accounts.
- 6.1.4 The Key financial risks are covered in Section 7 of this report. The risk of civil penalties and/or fines is mitigated by the Annual External Audit on the capture and maintenance of CRC data and the uplift included in the proposed carbon allowance purchase to cover any unlikely missing consumption data.
- 6.1.5 The methodology in arriving at the carbon emission figure is verified by an Independent External Audit, which will be taking place on the 17<sup>th</sup> of June 2014 (See Paragraph 3.6).

### **6.2 Legal Implications**

- 6.2.1 The general power of competence in S1.1 of the Localism Act 2011 provides the council with the power to proceed in the manner outlined in this report.

- 6.2.2 The general power of competence states that “A Local Authority has power to do anything that individuals generally may do”. Section 2 sets out the boundaries of the general power, requiring Local Authorities to act in accordance with statutory limitations or restrictions.
- 6.2.3 Under the CRC Energy Efficiency Scheme, introduced by the Climate Change Act 2008 (and covered specifically by the CRC Energy Efficiency Scheme Order 2010), it is a statutory requirement for the Council to report its annual consumption of tonnes of carbon emitted in an Annual Report to the Environment Agency. All participants are also required to order allowances for the period 1 April 2013 to 31 March 2014 by 31 July 2014. Allowances need to be purchased by 19 September 2014.
- 6.2.4 The recommendations contained in this report are within the powers and duties of the Council.

### **6.3 Property Implications**

- 6.3.1 At a time of rising energy prices, the council is continuing to implement energy saving projects to reduce its carbon emissions. Details of completed and current energy saving projects are recorded in the Carbon Management Plan 2009-2014 and the broader Enfield 2020 Sustainability Programme and Action Plan. The Carbon Management Plan sets a 25% carbon reduction target compared to 2008/09 baseline levels. The council is on course to meet its target.
- 6.3.2 In addition, other invest to save measures have included the installation of 146 smart meters since 2010 in corporate buildings and schools that have the highest energy consumption. The council completed its REFIT 1 project in March 2014 which is delivering large-scale energy efficiency improvements, with Phase 1 investing £1.7 million in 3 corporate buildings (including the Civic Centre) and 11 schools.
- 6.3.3 There are circumstances in which the council is responsible for purchasing carbon allowances for energy that it does not directly use itself. These include schools, academies, vacant properties and properties where tenants purchase their energy from the council. The cost of carbon allowances for schools is being top-sliced from the Schools Devolved Formula Capital Allocation and the cost of carbon allowances from vacant properties will be negligible. Where tenants have a licence to occupy council property the cost of carbon allowances is factored into the fee charged.
- 6.3.4 While the above energy saving initiatives cut across the council, many of them are being led and co-ordinated by the Sustainability Service.
- 6.3.5 Energy consumption and carbon emissions, along with other running costs, are taken into account in the programme of reviews of the council's real estate as undertaken by Strategic Property Services.

These on-going reviews inform the corporate Property Asset Management planning process and lead to disposals, redevelopment or improvements as appropriate to meet the council's aims and objectives.

## **7. KEY RISKS**

- 7.1 There is a risk that not all correctly defined sites and supplies are included within the council's CRC organisation or scope. The council's Corporate Asset Register (Atrium) or property database is not yet fully operational and there are approximately 1,000 gas and electric supplies to identify and report in total. If sites and/or supplies are missed, then the council could potentially be non-compliant in terms emissions coverage which could lead to penalties of £40 per tCO<sub>2</sub> for incorrectly reported emissions. However, the Scheme does allow for a tolerance of 5% each year in reporting and strong links have been made with all relevant departments to ensure all acquisitions and disposals are accounted for in the reporting process.
- 7.2 The council is required to have robust procedures in place to ensure that the data required for Scheme compliance is managed effectively. These include up-to-date governance arrangements and procedures and policies around the maintenance of CRC data and evidence such as property lists. The council has these procedures in place and they are updated annually and also checked by the independent internal auditor.
- 7.3 Other risks include incorrectly defining the CRC organisation, information and data loss/errors, incorrectly checking own reads against supplier and smart meter readings; inadequately defining residual measurements; and inadequately documenting exclusions. This has possible legal implications (including civil penalties and substantial fines for errors in reporting greater than 5%) and financial implications, including fines, legal fees and the cost of purchasing too many allowances.
- 7.4 In order to minimise these risks, an annual internal audit, arranged through the London Energy Project, took place on 17 June 2014. The purpose of the audit was to verify the council's methods of calculating the total emissions (which will be reported in the Annual Report final tCO<sub>2</sub> figure) and to check the accompanying evidence pack, including the governance arrangements and other points covered in 7.3 above. The audit report will be signed off by the Director, Regeneration & Environment as the named the Primary CRC Contact as soon as it is received.
- 7.5 All participants will also receive an external audit by the Environment Agency once every 5 years and this is expected before March 2015 (date to be confirmed). The annual internal audit will put the council in

a strong and prepared position for when the Environment Agency audit takes place.

- 7.6 The reputation of the council would also be undermined as a result of inaccurate reporting and/or enforcement action. The council therefore ensures that a 5% sample check of data is carried out before it is submitted to the Environment Agency.

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

### **8.1 Fairness for All**

The avoidance of fines and the reduction in energy consumption across the council's property portfolio will result in lower energy bills and the need to purchase fewer carbon allowances at £12 per tCO<sub>2</sub>. These financial reductions will deliver improved value for money for the council.

### **8.2 Growth and Sustainability**

The energy reductions attributable as a result of implementing various energy efficiency improvements in buildings as reported under the CRC Energy Efficiency Scheme will support the council's priorities of Growth and Sustainability, its ambitious Enfield 2020 Sustainability Programme and Carbon Management Plan.

### **8.3 Strong Communities**

Energy efficiency improvements will enhance the reputation of the council in the local community as a leader and encourage others to follow.

## **9. EQUALITY IMPACT IMPLICATIONS**

Corporate advice has been sought with regard to equalities and an equalities impact assessment or analysis is not relevant or proportionate for this update on carbon emissions.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The council is currently implementing a number of energy saving projects to reduce its carbon emissions through the Enfield 2020 Sustainability Programme. Details of completed, on-going and planned projects to reduce energy consumption, carbon emissions and energy bills can be found in the Carbon Management Plan 2009-2014. The Carbon Management Plan sets a 25% carbon reduction target, compared to 2008/09 baseline levels.



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

Corporate advice has been sought with regard to health and safety and this is not relevant or proportionate for this update on carbon emissions.

## **12. PUBLIC HEALTH IMPLICATIONS**

Climate change is a major threat to public health. Enfield 2020 and the Carbon Reduction Commitment will help reduce its impact.

### **Background Papers**

None.



## MUNICIPAL YEAR 2014/2015 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Director – Finance,  
Resources & Customer  
Services

<b>Agenda – Part: 1</b>	<b>KD Num: 3473</b>
<b>Subject:</b> <b>Housing Quarterly Electricity Contract Renewal – Landlords’ Supplies</b>	
<b>Wards: All</b>	

Contact officer and telephone number: Andrea Latter 020 8379 3089

E mail: andrea.latter@enfield.gov.uk

### 1. EXECUTIVE SUMMARY

- 1.1 Enfield Council is a member of L.A.S.E.R (Local Authorities South East Region), a Central Purchasing Body representing 120 local authorities and other publicly funded bodies. L.A.S.E.R has been assessed and approved as a best practice energy procurement provider by the London Energy Project (L.E.P). L.A.S.E.R is managed by Kent County Council.
- 1.2 As a purchasing organisation L.A.S.E.R has an OJEU compliant Fixed Term Fixed Price (FTFP) contract framework in place.
- 1.3 The current contract for electricity supplies to Housing sites (landlords’ quarterly billed supplies) will end on 30<sup>th</sup> September 2014.
- 1.4 This report seeks the approval of the Director of Finance, Resources and Customer Services to tender the contract for a 12 month period from October 1<sup>st</sup> 2014 - 30<sup>th</sup> September 2015 (FTFP). This contract period will enable an options appraisal to be undertaken as part of the wider corporate energy procurement strategy review for 2016-2020.

### 2. RECOMMENDATIONS

- 2.1 That the Director of Finance, Resources and Customer Services approves the new 12 month contract for the supply of electricity to Housing sites (landlords’ supplies) with contract sign-off scheduled for Thursday July 17<sup>th</sup> 2014.

### 3. BACKGROUND

- 3.1 Enfield Council is a member of L.A.S.E.R (Local Authorities South East Region) a Central Purchasing Body, managed by Kent County Council, representing 120 local authorities and other publicly funded bodies. L.A.S.E.R has been assessed and approved as a best practice energy procurement provider by the London Energy Project. The London Energy Project is a shared Energy Category Management resource, funded through direct authority contributions. Under this arrangement the L.E.P's lead contracting authority (Haringey Council) has, on behalf of all participating authorities, undertaken a series of independent and impartial technical assessments of market risk and of energy contracts as provided by L.A.S.E.R.
- 3.2 L.A.S.E.R prepared the tender for the supply of electricity to Housing sites (landlords' quarterly billed supplies) in June 2013 and the contract was awarded to Scottish and Southern Energy (SSE) on July 19<sup>th</sup> 2013. The one year contract commenced on October 1<sup>st</sup> 2013 and will end on September 30<sup>th</sup> 2014.
- 3.3 The contract renewal date for the supply of electricity to the non half hourly, quarterly billed, Housing landlords' supplies is October 1<sup>st</sup> 2014.
- 3.4 The Housing landlords' electricity supplies' portfolio comprises approximately 980 supplies, including communal heating, staircase lighting and lifts. Each supply is categorised according to profile class and annual quantity (AQ) of electricity consumed. The supplies are billed quarterly. It is possible to tender the portfolio as a whole or to transfer supplies to appropriate longer term flexible contracts according to AQ. Tendering contracts for longer than 12 months will require Leaseholder Dispensation.
- 3.5 L.A.S.E.R members potentially have three options for the renewal of electricity contracts commencing 1<sup>st</sup> October 2014, which include FTFP or flexible options. FTFP contracts settle the price on one day and flexible, longer term contracts mitigate risk by purchasing energy at the lowest market points preceding contract start:
  - i. **Fixed-term fixed-price agreement (FTFP).** L.A.S.E.R has an OJEU compliant FTFP contract framework in place. The contract framework allows for mini-tenders to be run seeking price offers for conventional or renewable energy (subject to supplier availability). Mini-tenders can request pricing for any contract duration, although price premiums will typically be incurred for durations of greater than 3 years. Leaseholder dispensation will be required for contracts > 1 year.

ii. **Flex Light Agreement.** This is a new framework that has been created for the flexible supply of electricity to quarterly-billed supplies. The framework contains a single-supplier for the period April 1<sup>st</sup> 2014 – September 30<sup>th</sup> 2016. The framework was created in response to the number of authorities wanting to add smaller usage sites to the existing flexible arrangements. To best-suit the typically low usage for the quarterly-billed supplies, the Light framework seeks to minimise on-going supplier, L.A.S.E.R and customer administration. Leaseholder dispensation will be required for contracts > 1 year.

iii. **Flexible Agreement.** Flexible contracts mitigate the procurement risks associated with Fixed Term Fixed Price contracts, which secure the contract price on one day. The price will depend on the market conditions on that day. With flexible contracts L.A.S.E.R members' supplies are aggregated and the price is determined by strategically buying 'clips' of energy at the lowest points in the wholesale market prior to the contract start and throughout the contract duration, prior to the final year. Leaseholder dispensation will be required for contracts > 1 year.

- 3.6 Securing a one year, FTFP contract from October 1<sup>st</sup> 2014 – September 30<sup>th</sup> 2015, will enable a thorough options appraisal to be undertaken in order to determine the best, risk managed procurement route/s, for the Housing landlords' electricity supplies in future.
- 3.7 The options will be considered in terms of overall value for money, Flexible vs Fixed Term Fixed Price contracts and measured against additional administrative/technical costs to the Energy Management Team for potential supplier changes and the cost of additional, bespoke EDI packages (facilitating electronic importing of invoice data).
- 3.8 The options appraisal will also be undertaken as part of the wider corporate energy procurement strategy review for 2016-2020.
- 3.9 The procurement/contract options will be presented to and considered in consultation with Corporate Procurement, HHASC, FRCS, Leaseholder Services, Legal Services and L.A.S.E.R. The small supplies' electricity market is extremely complex and the L.E.P has undertaken a significant amount of research and analysis during the course of the past year in order to best advise their members.
- 3.10 Following guidance from L.A.S.E.R and consultation with HHASC, FRCS (Housing) and Leaseholder Services, it has been agreed that securing a one year, FTFP contract from October 1<sup>st</sup> 2014 will provide sufficient time to carry out a detailed options appraisal.

- 3.11 The estimated value of the new contract for Housing electricity landlords' supplies is £1,530,000 based on estimated annual consumption. L.A.S.E.R has advised that the current wholesale (commodity) market price is lower than when the contract was last settled in July 2013. In July 2013 the commodity (energy) price was £52.27/MWh and is currently £49.43/MWh. However, the wholesale or energy price only represents approximately 45% of the delivered price. The remaining uncontrollable element (55%) represents the non-energy components e.g. transmission/distribution/taxes and government regulated fees and charges/levies such as the Feed in Tariff, ECO and Climate Change Levy. L.A.S.E.R has advised a potential increase in delivered contract price of ~2%.
- 3.12 L.A.S.E.R has also advised that although they can anticipate potential changes in the energy (commodity) and non-commodity elements of the prices, in the case of Fixed Term Fixed Price contracts, it is the suppliers' discretion that decides these by building in a risk premium, so the 'on-the-day' price may look different. This means that the ~ 2% increase is not guaranteed and can be used only as a guideline.
- 3.13 Wholesale energy prices are influenced by a range of factors including supply security, weather trends, European prices, geopolitical issues, market sentiments etc. This can result in price volatility of 5-10% over the course of a few days. These are external factors outside the Council's and L.A.S.E.R's control.
- 3.14 Should the market fluctuate significantly before a price offer is submitted, L.A.S.E.R will advise accordingly and we will be at liberty to decline settling at this time.
- 3.15 In the event that the incumbent supplier (SSE) does not win the contract again by submitting the lowest contract offer, then consideration must be given to the impact of associated administrative and IT costs generated by a supplier change on the Energy Management Team, before the winning contract is accepted. Therefore, best value will be considered in conjunction with best price.
- 3.16 The costs associated with changing supplier on October 1<sup>st</sup> 2014 have been estimated. Please see Table 2. Therefore, should the difference in contract value between the winning supplier and the incumbent supplier (SSE) be £15,099 or less (<0.99% of the total contract value), the decision will be made to award the contract to the incumbent supplier. This will ensure continuity of service in accordance with the Energy Management SLA for Housing including Leaseholder Services. This course of action has been agreed with L.A.S.E.R, as long as justification for the decision is submitted at the time of contract acceptance. Other local authorities have also employed this strategy. Should the difference in estimated contract value between the winning supplier and the incumbent supplier be >£15,099, then the contract will be awarded to the winning supplier based on best price.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

Please see the alternative options considered in Table 1.

#### **5. REASONS FOR RECOMMENDATIONS**

Following consultation with L.A.S.E.R, HHASC and Leaseholder Services, Option 3 detailed in Table 1 is considered the preferred option for 14/15, as it will allow sufficient time to conduct a detailed procurement options appraisal and will also provide Leaseholder Services with sufficient time to implement Leaseholder Dispensation, should long term, flexible contracts be the preferred procurement route in future.

The Corporate approach to risk managed energy procurement 2016-2020 will also be under review during 14/15. It will be prudent to consider the future of procuring Housing Landlords' energy supplies as part of the wider review.

The L.E.P has undertaken a significant amount of detailed research during the past year, in order to establish best procurement practice for 'small' electricity supplies (quarterly billed). It will be prudent to wait for L.E.P benchmarking in December 2014 to ascertain the performance of L.A.S.E.R's 'Light' contract and for further best practice guidance following the research.

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

##### **6.1 Financial Implications**

The HRA budget for 2014/15 includes an estimate of £1,618,010 for electricity costs for Housing. This budget will fund the cost of the electricity contract for 1 year from 1<sup>st</sup> October 2014 to 30<sup>th</sup> September 2015. A proportion of electricity costs are recharged to tenants through the general heating fund and to leaseholders through their service charges.

L.A.S.E.R has advised that there could be a potential increase in delivery price of 2% from 1<sup>st</sup> October 2014. The 2014/15 budget was set with a 7% increase in prices built in from October 2014. If the increase in October 2014 rises above 7% there could be a potential overspend on the heating budget set for 2014/15. Any overspend will be met from HRA resources.

##### **6.2 Legal Implications**

**6.2.1** The Council has the power to do anything that an individual may do, in particular for the benefit of the residents of its area, pursuant to section 1 of the Localism Act 2011. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions and may enter into a contract with the provider of the services pursuant to section 1 of the Local Government (Contracts) Act 1997. The recommendations in this report are in accordance with these powers.

**6.2.2** L.A.S.E.R (Local Authorities South East Region) is the largest local authority energy buying group in the UK and acts on behalf of local authorities and other publicly funded bodies throughout the south of England. In the procurement of an energy provider L.A.S.E.R complies with EU law. In considering the decision with regards the award of contract the Council can take into account costs of transition of service from one provider to another to ensure value for money in accordance with the Local Government Act 1999.

**6.2.3** The resultant contract will be in a form as set out under the L.A.S.E.R framework and will be in a form approved by the Assistant Director of Legal Services.

**6.3 Property Implications**  
N/A

## **7. KEY RISKS**

Failure to secure the contract imminently for a contract start date of October 1st 2014 could potentially subject the prices to further increase. The energy market is extremely volatile and prices can fluctuate up to 5% on a given day and up to 100% in a year.

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

### **8.1 Fairness for All**

Through best practice procurement, competitive prices will be sought for all supplies pertaining to this contract.

### **8.2 Growth and Sustainability**

The Energy Management Team is part of the Sustainability Service. Through the Enfield 2020 Sustainability Programme, the Sustainability Service is helping the council deliver a wide range of strategic sustainability projects, a number of which focus on 'managing your energy.'

### **8.3 Strong Communities - Positive**

Securing value for money contracts would enhance the reputation of the Council in the local community.

## **9. EQUALITY IMPACT IMPLICATIONS**



An equality impact assessment/analysis is not relevant or proportionate for the approval of a new 12 month contract for the supply of electricity to Housing sites (landlords' supplies) that will ensure value for money for all consumers.

**10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The contract will be managed throughout to ensure correct pricing.

**11. PUBLIC HEALTH IMPLICATIONS**

Through best practice procurement, competitive contract prices will benefit many council housing residents and leaseholders by ensuring vfm for communal landlords' supplies including lighting, heating and lift supplies.



**TABLE 1: HOUSING CONTRACT (ELECTRICITY LANDLORDS' SUPPLIES) PROCUREMENT OPTIONS APPRAISAL 2014/15**

PROCUREMENT/CONTRACT OPTION	ADVANTAGES	DISADVANTAGES
<p><b>Option 1:</b> Extend the existing Housing landlords' electricity supplies' contract with the incumbent supplier (SSE) for 6 months from October 1<sup>st</sup> 2014 – March 31<sup>st</sup> 2015 (permissible under L.A.S.E.R's procurement rules). Join the new Flexible 'Light' contract from Year 2 on April 1<sup>st</sup> 2015 – 30<sup>th</sup> September 2016.</p>	<p>i Could minimise the risks associated with continued Fixed Term Fixed Price contracts, which secure the prices on one day only, the benefits of which depend on the market conditions at the time.</p> <p>ii This option could facilitate the earliest opportunity to join the Flexible Light contract from Year 2 (for 18 months).</p>	<p>i L.A.S.E.R recommends that supplies are added to the Flexible 'Light' contract from an October start date only. This is because the contract was set up from April 2014 and will run a 6 month pricing period until 30/09/14, then two 12 month pricing periods renewing each October. By adding supplies into the contract only at these price breaks, L.A.S.E.R can ensure that the correct volumes have been purchased and ensure that customers receive reflective prices.</p> <p>ii Leaseholder Dispensation will need to be sought as soon as possible in order to secure a contract &gt; 12 months and to join the remainder of the Flexible 'Light' contract for 18 months. This will require sufficient implementation time.</p> <p>iii The L.E.P has undertaken a significant amount of detailed research during the past year, in order to establish best procurement practice for 'small' electricity supplies (quarterly billed). It will be prudent to wait for L.E.P benchmarking in</p>

		<p>December 2014 to ascertain the performance of L.A.S.E.R's 'Light' contract and for further best practice guidance following the research.</p> <p>iv The corporate approach to risk managed energy procurement 2016-2020 will also be under review during 14/15. It will be prudent to consider the future of procuring Housing landlords' energy supplies (electricity and gas) as part of the wider review.</p>
<p><b>Option 2:</b> Extend the current contract with the incumbent supplier (SSE) for 12 months until 30.09.15, (permissible under L.A.S.E.R's procurement rules).</p>	<p>i This will ensure continuity with the incumbent supplier, significantly reducing administrative problems associated with a supplier change e.g. erroneous closing and opening meter readings, delays in billing, changes in bill payment methodology, change of account numbers to be amended on the energy accounting database (Stark) and potential requirement for a new, bespoke EDI module and the associated costs to implement.</p> <p>ii The L.E.P has undertaken a significant amount of detailed research during the past year, in order to establish best procurement practice for 'small' electricity supplies (quarterly billed). It will be</p>	<p>i Extending the contract with the incumbent supplier does not necessarily ensure best price. To ensure best price it would be prudent to instruct L.A.S.E.R to run a mini-competition using their OJEU compliant Fixed Term Fixed Price framework.</p>

	<p>prudent to wait for L.E.P benchmarking in December 2014 to ascertain the performance of L.A.S.E.R's 'Light' contract and for further best practice guidance following the research. Extending the contract for 12 months will enable a thorough options appraisal to be undertaken, including splitting the portfolio according to annual consumption and subsequently transferring supplies to longer term, flexible contracts in line with corporate supplies.</p> <p>iii The corporate approach to risk managed energy procurement 2016-2020 will also be under review during 14/15. It will be prudent to consider the future of procuring Housing landlords' energy supplies (electricity and gas) as part of the wider review.</p> <p>iv Securing another one year contract will <b>not</b> require Leaseholder Dispensation.</p> <p>vi Although Fixed Term Fixed Price (FTFP) contracts are not generally recommended because the business is settled on one day, the wholesale market is currently favourable.</p>	
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<p><b>Option 3:</b> Instruct L.A.S.E.R to run a mini-competition using their OJEU compliant Fixed Term Fixed Price framework in order to let a one year contract.</p>	<p>i The L.E.P has undertaken a significant amount of detailed research during the past year, in order to establish best procurement practice for 'small' electricity supplies (quarterly billed). It will be prudent to wait for L.E.P benchmarking in December 2014 to ascertain the performance of L.A.S.E.R's 'Light' contract and for further best practice advice following the research. Letting the contract for 12 months will enable a thorough options appraisal to be undertaken, including splitting the portfolio according to annual consumption and subsequently transferring supplies to longer term, flexible contracts in line with corporate supplies.</p> <p>ii The corporate approach to risk managed energy procurement 2016-2020 will also be under review during 14/15. It will be prudent to consider the future of procuring Housing landlords' energy supplies (electricity and gas) as part of the wider review.</p> <p>iii Securing another one year contract will <b>not</b> require Leaseholder Dispensation.</p> <p>iv Although Fixed Term Fixed Price</p>	<p>i It is possible that the current supplier (SSE) won't win the contract. This could generate significant administrative and IT problems associated with a supplier change from October 1<sup>st</sup> 2014 e.g. erroneous closing and opening meter readings, delays in billing, changes in bill payment methodology, change of account numbers to be amended on the energy accounting database (Stark) and potential requirement for a new, bespoke EDI module and the associated costs to implement. If there is an insignificant difference between the contract offers from the incumbent supplier (SSE) and the winning supplier, then the ramifications for changing suppliers will need to be weighed against accepting the contract for the winning supplier. (See Table 2).</p>
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	<p>(FTFP) contracts are not generally recommended because the business is settled on one day, the wholesale market is currently favourable.</p> <p>v This option will ensure best price under L.A.S.E.R's Fixed Term Fixed Price procurement arrangement.</p>	
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**TABLE 2: ESTIMATED ADMINISTRATIVE/IT COSTS ASSOCIATED WITH A SUPPLIER CHANGE (HOUSING LANDLORDS' ELECTRICITY SUPPLIES) 2014/15**

<u>Activity</u>	<u>Officer</u>	<u>Estimated Hours</u>	<u>Hourly Rate £</u>	<u>Total Cost £</u>
Identify requirements for a new EDI module (facilitating electronic invoice data entry), discuss with provider and raise purchase order.	Energy Engineer	7 hours	50.78	355
New, bespoke EDI module.				3000
Installation of new EDI module including resolution of installation problems and testing.	Energy Engineer	72 hours	50.78	3656
Ongoing maintenance costs for the original Scottish and Southern Energy macro (incumbent electricity supplier).				3000

Formatting new supplier account numbers.	Energy Officer	2 hours	32	64	
Amendments to energy accounting database.	Energy Officer	49 hours	32	1568	
Billing queries associated with supplier changes.	Energy Officer	108 hours	32	3456	
	<u>Total Hours</u>	238 hours	<u>Total Cost</u>	<u>15,099</u>	

## MUNICIPAL YEAR 2014/2015 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

#### PORTFOLIO DECISION OF:

Cabinet Members for Housing &  
Estate Regeneration; Environment &  
Community Safety; Economic  
Development

#### REPORT OF:

Director – Regeneration  
and Environment; Director  
of Health, Housing & Adult  
Social Care

<b>Agenda – Part: 1</b>	<b>KD Num: KD 3863</b>
<b>Subject:</b> Department of Energy and Climate Change (DECC) Green Deal Communities Project	
<b>Wards: All</b>	

Contact officer and telephone number: Deborah Southwell - 020 8379 4565

E mail: [Deborah.southwell@enfield.gov.uk](mailto:Deborah.southwell@enfield.gov.uk)

### 1. EXECUTIVE SUMMARY

- 1.1 A joint north London borough bid, formed of Enfield, Camden, Hackney, Haringey, Islington and Waltham Forest, has been successful in securing £6.5m of Department of Energy and Climate Change (DECC) Green Deal Communities funding.
- 1.2 Approximately £690k is available to target 275 properties in Enfield, consisting of 180 homes in the 'able to pay' sector; 80 F and G rated private-rented homes; and 15 SME businesses. This value is estimated and depends on the property type and size, measures installed, the numbers of properties that take up the offer, and doesn't include revenue costs.
- 1.3 The funding will drive domestic and non-domestic energy efficient retrofit, providing grants and support to households and businesses to retrofit their properties with energy efficiency measures, with a focus on solid wall insulation. Part of the funding managed by Haringey Council will support SMEs on the Retrofit London ERDF project to secure Installer accreditation. The grants will look to support SMEs taking part in the Shop Front Improvement Scheme.
- 1.4 Haringey Council is the Lead Partner and will manage and deliver the project by March 2015. The project is fully funded and requires a small amount of Enfield officer time to provide support and help to coordinate the project.
- 1.5 Benefits beyond carbon reduction and fuel cost savings for residents include:
  - 1.5.1 A grant of up to £6k for households and up to £5k for businesses across North London;
  - 1.5.2 Advice and support for 25 Small to Medium Enterprises (SMEs) in Enfield Haringey and Waltham Forest with securing Green Deal installer accreditation.

- 1.5.3 £75k for the RetrofitWorks cooperative, which includes Enfield SMEs, to develop and create a sustainable commercial model to drive market demand;
- 1.5.4 The offer is borough-wide but the project will drive uptake with a focus on areas of Bush Hill Park and Jubilee wards selected on the basis of the suitability of housing type and the funder's requirement for a street-by-street approach to drive uptake of the grant offer.
- 1.6 The project will work towards reducing health inequalities, the risk of homelessness, excess winter deaths and fuel poverty through money saved on energy bills; and securing jobs by using local businesses through project delivery and providing training opportunities.

## **2. RECOMMENDATIONS**

- 2.1. Approval is given to accept the DECC Green Deal Communities funding to encourage take up of energy efficiency measures by private sector residents, landlords and SME businesses in Enfield.
- 2.2. Approval is given for the Council to enter into an agreement with the Lead Partner, the London Borough of Haringey, helping to facilitate delivery of the funding in Enfield to encourage take up, delegating to the Director of Regeneration and Environment and Director Health Housing and Adult Social Care the approval of the final terms of the agreement between the Council and Haringey.

## **3. BACKGROUND**

### **What is the North London Green Deal Communities project?**

- 3.1. Enfield Council has worked in partnership with 5 other north London boroughs (Camden, Hackney, Haringey, Islington and Waltham Forest) to produce a successful bid for Department of Energy and Climate Change (DECC) Green Deal Communities funding.
- 3.2. The North London Green Deal Communities project, totalling £6.5m, will provide incentives designed to drive uptake of domestic and non-domestic energy efficient retrofit measures, mainly solid wall insulation (SWI), with Haringey Council taking the role of lead delivery partner.
- 3.3. The fund will be available to all private households in Enfield that would benefit from SWI including private sector landlords and homeowners, and SME businesses. The offer is outlined in table 1 (see Appendix 1 for a list of qualifying measures). Approximately 60% of Enfield's housing stock is formed of solid wall properties. The project will encourage residents to take up SWI helping to tackle a difficult housing type that forms a large proportion of the borough's stock.
- 3.4. The project has a target to deliver retrofit to approximately 1700 properties across the participating boroughs. Enfield has a target of

180 residential properties; 80 F and G rated private rented properties; and 15 businesses to benefit from up to £690,000 of funding from the project. This value is estimated and is dependent on the property type and size, measures installed, and the number of properties that take up the offer and does not include the revenue costs.

**Table 1: Offer to residents and businesses in Enfield**

Beneficiary	Offer and requirements
Private sector homes (rented and owner occupied)	<ul style="list-style-type: none"> <li>• Up to £6,000 per household towards energy efficiency measures;</li> <li>• Green Deal Assessments (GDAs), an energy efficiency report of the property, offered at a subsidised rate of £50 per assessment;</li> <li>• Solid Wall Insulation (SWI) is required to unlock further funding. Planning permission is required for SWI and the Planning Team has been engaged with the scheme and is aware of the implications of the funding;</li> <li>• Impartial advice from a Technical Retrofit Officer, helping the resident select measures following receipt of a GDA, and assisting the resident with ensuring quality of works and value for money, particularly for technically complex projects;</li> <li>• It is expected the funding will cover approximately two thirds of the cost of works with Energy Company Obligation (ECO) contributing a further 10% therefore requiring the householder to contribute approximately 22% of the total cost of works. This will be dependent on factors such as the property type, the measures selected and levels of ECO at the time of installation;</li> <li>• The homeowner must contribute to the cost of works up to the level of the 'golden rule' (i.e. the cost of works that could be funded through the cost of the energy savings over 10 years). This is a requirement from DECC. See Appendix 2 for costed examples;</li> <li>• The scheme will market the services of the procured concessionaire to facilitate Green Deal Assessments, install works, and access ECO and Green Deal finance if required. However; households will also be offered choice of product and service and can select any appropriately accredited installer;</li> <li>• The scheme will offer a holistic package of services, promoting the Green Deal Communities grant alongside other schemes supporting the fuel poor and local borough schemes such as collective energy switching, where these are available.</li> </ul>
Private rented sector F & G properties	<ul style="list-style-type: none"> <li>• A proportion of the funding has been ring-fenced specifically for F and G Energy Performance Certificate (EPC) rated private rented properties ahead of 2018 government regulations banning the rental of F &amp; G rated</li> </ul>

	properties.
Small and medium enterprises (SMEs)	<ul style="list-style-type: none"> <li>• To access the funding SMEs must carry out a non-domestic GDA, and can be in a rented or owner occupied property;</li> <li>• Funding for 50% of the energy efficiency measure to a maximum of £2500 for businesses up to 100 sq. m, and up to £5000 for businesses over 100 sq. m;</li> <li>• The funding will also provide money to deliver 50 SME training opportunities with financial support for the cost of accreditation for SWI and PAS2030, a certification to install energy efficiency measures.</li> </ul>

- 3.5. The project will help residents and landlords take advantage of Energy Company Obligation (ECO) funding from energy companies towards ECO eligible energy efficiency measures.
- 3.6. Residents and landlords will be required to make a contribution towards the cost of works, which is a requirement from DECC. The Green Deal, a government initiative of loans for energy efficiency measures, is an option open to residents and landlords where the funding does not cover all of the cost of works. This project does not require households to utilise Green Deal Finance. For many households it is expected that they will be better off using alternative finance, for example a personal loan or savings.
- 3.7. The offer is available borough-wide and will be available to all residents who would benefit from SWI and businesses in participating boroughs through borough wide communications materials (e.g. websites, magazines, press). Private rented sector engagement will be conducted through borough landlord networks, Council held data, estate agents and temporary housing contracts with a focus on landlords in the councils Accredited Landlord Scheme. The Voluntary Community Sector will be engaged to help target communications and deliver messages about the funding opportunity to residents.
- 3.8. SMEs will be encouraged to take up the funding through engagement of North London SMEs on the Retrofit London and Green Light North London ERDF projects, and Traders Associations. The project will look to promote the offer through the Shop Front Improvement Scheme and in Regeneration Areas.
- 3.9. Retrofit London, a 4 borough ERDF funded project led by LB Enfield, which is being delivered by the Business and Economic Development Team, will engage local SMEs and private sector landlords, offering a package of 12 hours support to enable them to make sense of funding opportunities, take up the Green Deal Communities grants and consider other finance and incentives to improve the energy rating of their properties. The Accredited Landlord Scheme will be targeted and both projects are available to private landlords who will be involved in the Selective Licencing Scheme.

- 3.10. A further requirement from DECC is that targeted marketing is conducted to encourage street-by-street take up. It is recommended that the project has focused target marketing in areas of Bush Hill Park and Jubilee wards. Within these wards, outreach workers, procured by Haringey, will work with the local community to drive concentrated take up of measures.
- 3.11. These areas have been selected through advice from colleagues in the Private Sector Homes team and Planning due to the suitability of property type. There is a mixture of owner occupied and private rented with a combination of terraced, flats, semi-detached and detached properties. The majority of properties in these areas are solid walled. The targeted marketing will focus outside of conservation areas to ease the planning process which is required for external solid wall insulation.
- 3.12. Borough-wide engagement work will generate interest from residents, landlords and businesses in all participating boroughs. Islington Council's Energy Advice Line will be used to take calls and register interested parties for a GDA.
- 3.13. To enable private sector residents to make an informed decision, an Energy Performance Certificate (EPC), which forms part of the GDA, will be provided which are undertaken by Energy Assessors who must act in an independent manner.
- 3.14. Haringey has procured a Concessionaire to deliver GDAs and install measures which will utilise local supply chains and installers to deliver works. Residents will have the option to use the approved concessionaire or select their own assessor and/or installer.
- 3.15. The Technical Retrofit Officer will provide support and guidance to households on appropriate energy efficiency measures to be installed and sign off on measures installed. Once a package of works has been agreed with the household, planning and building control permissions will be sought.
- 3.16. Energy efficiency measures installed in these homes and businesses will save money by saving energy, reduce fuel bills, improve the thermal comfort of residents' homes, reduce the risk of cold-related illness, and reduce the carbon footprint of the boroughs' building stock. This strongly aligns to the principles and aims of the following strategies and priorities:
- 3.13.1 Enfield 2020 Sustainability Programme and Action Plan, which was approved by Full Council in January 2013, delivering 3 of Enfield 2020's themes: Managing your Energy, Improving Public Health and Supporting Jobs and Businesses;
- 3.13.2 Enfield's Housing Strategy aims to improve the quality of homes and neighbourhoods and contribute to strong communities, in particular

improving the quality and sustainability of existing homes and neighbourhoods and improving standards and management of homes in the private rented sector;

3.13.3 Homelessness Strategy through making best use of Enfield's housing stock, improving accommodation and providing value for money;

3.13.4 New Directions through supporting local businesses and looking to maximise training and job opportunities for local residents.

### **Why is Enfield involved in the project?**

3.17. It is difficult to encourage residents to install measures such as SWI without subsidies. It is important that the council takes advantage of promoting this grant to enable residents and businesses to benefit if they wish.

3.18. The project provides an end-to-end solution for residents, which is not currently on the market. The Technical Retrofit Officer will provide residents with a hand holding service, providing impartial advice.

3.19. Rising energy prices is a significant concern for residents and this project would help to combat increasing costs through energy retrofit. Annual savings for residents from reduced fuel bills that can be achieved from these improvements include up to £490 for external wall insulation, £100-310 for replacing a boiler, up to £180 for loft insulation, and up to £140 for cavity wall insulation<sup>1</sup>.

3.20. The project looks to support jobs and local businesses where possible. Grants will be offered to 25 SMEs to become PAS 2030 certified or solid wall certified (SMEs must be located in participating boroughs), valued at approximately £2,000 each. The project also supports the RetrofitWorks co-operative, a network of SMEs which helps to gain access to market opportunities, of which at least 12 Enfield SMEs are members.

3.21. Part of the DECC Green Deal Community funding (£40K) will help to develop local retrofit supply chains through Retrofit London. Retrofit London will provide additional one-to-one support to businesses and property management businesses to understand business retrofit opportunities and assess their building stock, further supporting the aims of the DECC Green Deal Communities project. The ERDF and DECC projects will work together effectively, with Retrofit London generating uptake for the DECC projects and delivery by local installers, with both projects working to develop and grow Enfield's low carbon economy.

### **Project timeframes**

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<sup>1</sup> Energy Saving Trust, 2013: <http://www.energysavingtrust.org.uk/Energy-Saving-Trust/Our-calculations> (accessed 12/11/2013)



- 3.22. DECC has made the funding available to March 2015, providing a short window for delivery. It is possible that DECC will extend the timeframe for delivery due to the time required to go through the process of signing a resident to the scheme, through to completion of the solid wall insulation.
- 3.23. Throughout April to July 2014 start-up activity will take place to procure a Concessionaire, Technical Retrofit Officers, and outreach support. Green show homes will be engaged to provide residents with opportunities to view properties that have already had the measures installed. On 22 July 2014 the offer will be formally launched by Haringey Council to householders and businesses.

### **Roles and financing**

- 3.24. Haringey Council is the lead partner, having the capacity to manage and deliver the project and funding. Haringey will lead the project management; procurement; managing the funding and administration of grants to households and businesses; the contract management for the preferred supplier to deliver retrofit works; and the Technical Retrofit Officer to oversee the quality of works. Haringey will also lead on the procurement and contract management for outreach activities and marketing. Marketing materials will be developed by Camden Council, which will be agreed by all councils involved.
- 3.25. Enfield Council will have a facilitation role in the project, providing input and advice in the project set-up, development, and delivery through an officer Project Team meeting and a Project Board. The project will be governed through both groups, with Sustainability and the Business and Economic Development Teams inputting through the Project Team meetings and Sustainability representation at the Project Board.
- 3.26. Enfield Council will enter into a Memorandum of Agreement (MOA) with Haringey Council, signed by Enfield's Section 151 Officer, which will outline the council's commitment to support the project.
- 3.27. The project approach has been developed and agreed through the councils ECO Steering Group which is comprised of representatives from the Private Sector Homes Team, Enfield Homes, Legal Services, Procurement, Sustainability Service and Business & Economic Development Team.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 **Reject the funding offer from DECC and leave it to households to try to access the market on their own.**  
This would not support the Council's policies and mean that households and businesses do not benefit from the incentives and support to save money through reducing their energy use. The wider

opportunity to support local jobs and businesses, and to improve public health, would also be missed.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The project will provide financial support to households and hand-holding through the process of improving their home and reduce fuel costs and carbon emissions. In addition, the project looks to deliver local economic benefits through works delivered by local businesses, and kick start the market for energy retrofit of homes that could create new skilled jobs.
- 5.2 The energy efficiency measures funded through the grants and ECO will have numerous benefits for residents including reduced energy bills; energy efficiency improvements to landlords' properties; reduce fuel poverty; and improved public health through mitigating cold-related health concerns such as cardiovascular and respiratory diseases.
- 5.3 This scheme supports the following Enfield 2020 themes of Managing your Energy; Supporting Jobs and Businesses; and Improving Public Health.
- 5.4 Energy efficiency improvements to Enfield properties will reduce carbon emissions in the borough, working towards Enfield's 40% carbon reduction target by 2020, as compared to its 2005 baseline.

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

### **6.1 Financial Implications**

- 6.1.1 The project will provide residents with financial incentives to take up energy efficiency measures.
- 6.1.2 The £6.5m funding available will be received by Haringey Council. They will manage the funding and administration of grants to households and businesses as well as the other functions stated in paragraph 3.21. The 690k available to Enfield will not be received by the Council. This is an estimated amount that will be available for Enfield residents and businesses to access via Haringey Council.
- 6.1.3 Enfield Council's role will be to act as a facilitator, using a limited amount of officer time. Enfield's Section 151 Officer will be required to sign the Memorandum of Agreement (MOA) with Haringey Council relating to this.
- 6.1.4 If sufficient properties cannot be identified and thus the grant is not fully spent, the surplus funding which will be held by Haringey Council will be returned to DECC.

## **6.2 Legal Implications**

- 6.2.1 The Council has the general power of competence under Section 1(1) of the Localism Act 2011 (Commencement No. 3) Order 2012 (SI 2012/411) to do anything that individuals may generally do provided it is not prohibited by legislation. There is no express prohibition, restriction or limitation contained in a statute against the use of this power in this way. The arrangements proposed within this report are in accordance with this power and the Council's power under s.111 of the Local Government Act 1972 to enter into arrangements that are calculated to facilitate, or is conducive or incidental to the discharge of any of its functions.
- 6.2.2 The funding agreement between DECC and Haringey Council is non-negotiable and Haringey Council will be required to comply with the terms of that funding agreement.
- 6.2.3 In the Council's role as facilitator the Council is required to enter in to the MOA. It is understood that the terms of this MOA will mirror the agreement between DECC and Haringey Council. The specific terms have not been made available and the Council will need to review agreement to ensure any liability or risk is limited in nature.
- 6.2.4 The terms of the final agreement between the Council and Haringey must be must be in a form approved by the Assistant Director of Legal Services.

## **6.3 Property Implications**

- 6.3.1 This scheme is directed at private owner occupiers and privately rented homes. The council has other programmes and strategies for improving the energy performance and sustainability of the homes and other buildings within its own portfolio.

## **7. KEY RISKS**

- 7.1 Take up may be limited, with solid wall insulation being a tough sell and requiring planning permission;
- 7.2 Green Deal policy risk: The Green Deal policy framework has been criticised for a number of reasons which could impact on take up of the scheme. Engagement with households will be carefully managed to ensure they are aware of these issues and alternative finance options available.
- 7.3 Technical installation of works: SWI is a technically complex measure to install and has implications for local planning policies. The quality of works will be ensured through employing the services of a Technical

Retrofit Officer to oversee works and specific planning guidance will be produced.

- 7.4 Supply chain capacity: delivery of solid wall insulation in private households has not previously happened on the scale proposed by this project, which creates a significant opportunity for local businesses. Delivery capacity will be assessed as part of the procurement process. In addition, Enfield and Haringey have already “warmed up” the market to this opportunity through a number of initiatives.
- 7.5 Availability of ECO funding for households: delivery of works will be through a concession contract recommended by the Council, subject to further legal and procurement considerations. This will enable the council to gain a commitment of ECO funding.
- 7.6 Timetable for delivery of the project by March 2015: this timetable is challenging, however, it is possible that some flexibility will be offered to continue delivery of the fund into FY15/16. In addition, if the project targets are not achieved (i.e. uptake of the fund is low) the grant funding can be returned to DECC.
- 7.7 Changes to ECO: ECO is currently going through a consultation which will potentially affect the amount of ECO available for eligible measures, in particular solid wall insulation.
- 7.8 Staff resources: the grant includes funding for project management and delivery, match funded by existing staff resources in Haringey/north London boroughs. Limited revenue funding is however available within the project to generate take up of the scheme, which may limit the success of the project. DECC are aware of this concern.
- 7.9 As the project is managed by Haringey, there is a risk that the focus of the project is naturally on Haringey, although both RetrofitWorks, of which Enfield SMEs are members, and Retrofit London, which is led by Enfield, will both help generate Enfield leads for the project.

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

### **8.1 Fairness for All**

The proposed works will enhance the thermal performance of residents and businesses properties across the borough helping to save money on energy bills. The proposed scheme will assist in meeting the Council’s objectives to provide economically successful and socially inclusive communities. The project will support SMEs to access the energy saving market, securing work and in-turn creating new jobs.

### **8.2 Growth and Sustainability**

The project will have a positive impact on social, economic and environmental sustainability, supporting the delivery of Enfield 2020. The improvements and insulation works will have a positive impact on the energy performance of Enfield's private housing stock and businesses, reducing Enfield's carbon footprint and helping take households out of fuel poverty. The improvements will help to reduce cold related illness. Engagement and integration of local businesses and training opportunities will strengthen the local economy. The exact benefits from the scheme will be quantified and evaluated through KPIs.

### **8.3 Strong Communities**

The project supports the Council's key values and places emphasis on residents' engagement and participation through involving residents groups, the VCS and private landlords. It is anticipated that the scheme will also encourage wherever possible the use of local labour and the engagement of locally based SMEs.

## **9. EQUALITY IMPACT IMPLICATIONS**

- 9.1 The energy retrofit of private properties will work to involve local community groups to encourage residents to take advantage of the grants. Energy retrofit projects are heavily defined by the building itself, with the offer available to all households with solid walled properties.
- 9.2 The project will facilitate the inward investment from government and energy company funding for energy efficiency measures in domestic properties for all groups in the community.
- 9.3 Training opportunities will be addressed through procurements and contracts by requesting that the awarded providers make positions available.
- 9.4 The project will have positive impacts on residents' health through making homes thermally efficient, therefore helping to reduce the impacts on cold-related illness.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 The works will benefit the energy efficiency of a large number of properties and will also prevent some homes from becoming "non-Decent", helping the Council to improve performance in relation to public health, quality of housing and reducing carbon.
- 10.2 The project has defined targets to achieve in relation to installations, number of businesses supported, number of people trained etc. Performance requirements will be included in the agreements for the Concessionaire and the Technical Retrofit Officer.

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

- 11.1 Businesses delivering the energy retrofit measures will be responsible and liable for health and safety.
- 11.2 The appointed businesses will manage Health and Safety providing their own safe systems of working and risk assessment and will need to comply with and ensure their staff and suppliers comply with Health and Safety.

## **12. PUBLIC HEALTH IMPLICATIONS**

- 12.1 Cardiovascular and respiratory diseases are caused or exacerbated by living in cold conditions, with impacts most acute for vulnerable households particularly children and older people.
- 12.2 Measures such as increased insulation and other energy efficiency measures will have a significant impact on the thermal efficiency of the dwellings, creating homes which are better to live in, both in terms of the physical environment and also the health and well-being of the residents.
- 12.3 The project also aims to support local businesses which in turn will help sustain existing jobs and help to create new jobs. Research shows that people who enjoy the benefit of work are generally healthier and live longer.

## **Background Papers**

None.

## **Appendices:**

Appendix 1: List of eligible energy saving measures

Appendix 2: Costed example of funding available to resident

## **Appendix 1: List of eligible energy saving measures**

### **Primary Works (Energy Saving Measures)**

- External wall insulation system;
- Internal wall insulation system (for external walls);
- Insulation in 'hard to treat' cavity wall systems (as defined by the Ofgem and as certified by a RICS qualified surveyor<sup>1</sup>);
- Loft or rafter insulation (including loft hatch insulation);
- Roof insulation including room in roof insulation;
- Draught-proofing;
- Secondary glazing;
- Windows and doors;
- Under-floor insulation;
- High performance external doors;
- Gas-fired condensing boiler;
- Air source heat pump;
- Cylinder thermostat;
- Fan-assisted storage heaters;
- Flue gas heat recovery device;
- Heating and heat recovery ventilation;
- Heating controls (e.g. remotely controllable thermostats, smart radiator valves);
- Hot water cylinder insulation, insulation to primary pipework;
- Oil-fired condensing boiler;
- Room in roof insulation;
- Solar water heating;
- Warm-air unit;
- Waste water heat recovery devices attached to showers.

### **Ancillary/ Supporting Works<sup>2</sup>**

- External and internal drainage and rainwater gutters and connection to underground drainage, flue extensions for boilers and extract fans, in association with external wall insulation;
- Repairs to barge boards, roof verges and roofing repairs and adjustment associated with external wall insulation;
- Plasterboard, plastering, painting, taking down and reinstalling curtains and curtain rods in dwellings with internal wall insulation and rafter and room in the roof insulation;
- Demolition and carting away including the provision of skips to registered contractors waste disposal;
- Provision of ventilation in roof voids associated with insulation works;
- Provision of sub floor ventilation in suspended timber floors;
- Roof repairs up to £1000 per installation where identified by survey;
- Provision of ventilation including extract only and heat recovery ventilation in association with solid wall insulation, draft proofing and window replacement and secondary glazing where identified by survey.
- Submission of, and charges associated with Building Control notices, and planning applications required for the implementation of all primary works above.

### **Additional Energy Improvement Measures<sup>3</sup>**

- Standard cavity wall insulation - Because the grant is specifically aimed at hard to treat buildings;
- Biomass boilers<sup>4</sup>;
- Micro-generation/renewables;
- Air, Ground and Water Source heat pumps;
- Micro combined heat and power.

### **Excluded Measures**

- Biomass boilers
- Standard cavity wall insulation

<sup>1</sup> *The role of the RICS surveyor to identify 'hard to treat cavity walls' will not be included in the remit of the Technical Retrofit Officer and should be included as a works cost*

<sup>2</sup> *Ancillary works are to be included in the provision of services, and the Green Deal approved supplier is to be responsible for procuring, paying for and insuring and guaranteeing their work*

<sup>3</sup> *These measures may be identified in the Green Deal Assessments, but cannot be installed under a Green Deal Finance option or with ECO funding. However, should the householder be able to finance the options directly, they should be made available.*

<sup>4</sup> *Biomass boilers will generally not be included since they are precluded by Clean Air restrictions in the boroughs except for DEFRA approved boilers.*



## **Appendix 2: Costed examples of funding available to residents**

The costs in the examples below are indicative and based on quotes received by Haringey Council. Costs are likely to vary depending on the property, measures installed and levels of ECO available.

The household contribution is based on the 'golden rule' from Green Deal. The golden rule states that the monthly cost of installing the measures does not exceed the monthly cost savings from the energy measures installed. Haringey has calculated the household contribution by taking the annual cost savings from the energy measures and multiplying it by 10, representing a 10 year payback period.

### **Sample package 1: 3-4 bed Victorian Terrace with Deep Retrofit Package**

- External wall insulation (EWI) at side and back of property, internal wall insulation (IWI) at front of property, loft insulation and draught proofing
- Total cost of package: £8,921
  - Householder contribution: £2,037 (22%)
  - ECO contribution: £892 (10%)
  - GDC Grant: £5,992 (68%)

### **Sample package 2: 2-3 bed Victorian Terrace with Lighter Retrofit Package**

- IWI at front of property, underfloor insulation, loft insulation and draught proofing
- Total cost of package: £3,472
  - Householder contribution: £725 (21%)
  - ECO contribution: £347 (10%)
  - GDC Grant: £2,400 (69%)

### **Sample package 3: Converted Flat**

- IWI and loft insulation
- Total cost of package: £2,745
  - Householder contribution: £1,092 (40%)
  - ECO contribution: £275 (10%)
  - GDC Grant: £1,379 (50%)

**Sample package 4: 1950s Hard to Treat Cavity wall Semi-detached**

- HTT cavity insulation, loft insulation, hot water cylinder, new boiler and controls
- Total cost of package: £4,030
  - Householder contribution: £1,281 (32%)
  - ECO contribution: £403 (10%)
  - GDC Grant: £2,346 (58%)

**Sample package 5: 1980s 2<sup>nd</sup> Floor Flat**

- IWI and loft insulation
- Total cost of package: £1,431
  - Homeowner contribution: £168 (12%)
  - ECO contribution: £143 (10%)
  - GDC Grant: £1,120 (78%)

## MUNICIPAL YEAR 2014/2015 REPORT NO.

**MEETING TITLE AND DATE:**  
**July 2014**

**PORTFOLIO REPORT  
OF:**  
Director of Finance,  
Resources and Customer  
Services

**Agenda – Part: 1**

**Item:**

**Subject:** Tender Acceptance Report for  
refurbishment works of Palmers Green  
Library

**Wards:** Palmers Green

**Key Decision No:** KD3888

**Cabinet Member consulted:** Cllr Stafford

Contact officer and telephone number:

Anne Crowne – 0208 379 3019

E mail: [anne.crowne@enfield.gov.uk](mailto:anne.crowne@enfield.gov.uk)

### **1. EXECUTIVE SUMMARY**

- 1.1. Cabinet Approved in October 2013, and Full Council November 2013, obtained approval for the capital investment within the Capital Programme required for the refurbishment works to the existing Palmers Green Library. This was following the decision to dispose of Southgate Town Hall.
- 1.2. This report provides the background information and seeks approval to accept a tender for the major refurbishment works.
- 1.3. This report recommends the acceptance of the tender from Tenderer B to undertake the works.

### **2. RECOMMENDATIONS**

- 2.1. To accept the tender of Tenderer B for the refurbishment works in the sum of £2,312,111.96 with associated Professional, Technical, and associated costs previously approved.
- 2.2. That this report be read in conjunction with the Part 2 report of the same date and title.

### **3. BACKGROUND**

- 3.1. Cabinet approved in October 2013 and Full Council approved in November 2013, a report for the Capital expenditure for the major refurbishment works to the existing Palmers Green Library due to the disposal of Southgate Town Hall.
- 3.2. Phase 1 – Enabling Works were completed by May 2014 which were previously approved in November 2013 and consisted of :
  - Relocation of existing library services back office functions to other Council sites.
  - Disconnection and splitting of services between Southgate Town Hall and Palmers Green Library
  - Demolition of the western annexe
  - New escape staircase
  - Removal of asbestos
  - Re configuration of the first floor to accommodate the library services which re opened to the public in February 2014.
- 3.3. The scope of works will be a complete internal refurbishment comprising remodelling, improvements, replacing existing mechanical and electrical services, creation of a new public space/entrance from Green Lanes for the library service. External works consist of upgrading the parking and surrounding area.
- 3.4. The library will occupy the first floor and part of the ground floor. The remaining basement and ground floor areas shall be 'Shell & Core' provision at this stage, with the possibility of a tenant taking a lease at a later date.
- 3.5. Planning Approval was obtained in February 2014 for the above refurbishment works to take place.
- 3.6. On-going negotiations are being conducted with a primary care provider for the proposed tenanted areas.
- 3.7. Six contractors were selected from the EXOR list. In April 2014 the contractors were invited to submit formal tenders to be returned May 2014.
- 3.8. Following a technical analysis by Corporate Maintenance and Construction (CMC), formally Architectural Services, it was concluded that the offer submitted by Tendered B is competitive, represents best value and is therefore recommended for acceptance.

- 3.9 The form of contract will be the JCT Standard building Contract with Quantities, 2011 Edition.
- 3.10 The Procurement was carried out using Exor as the prequalification service as allowed in the Council's Contract Procedure Rules (CPRs). However, as the value of the Works contract exceeded £100,000 there is a requirement to advertise on ProContract which has not been met. Therefore a waiver was required to address the advertising requirements.
- 3.11 Subject to approval of this report and Call In Procedure, it is anticipated the works will commence mid August 2014, with an overall 52 week programme, including a period for final commissioning, installation of IT and furniture. The refurbished library shall be operational in September 2015.
- 3.12 The library shall be closed from 26<sup>th</sup> July 2014.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The possibility of providing a temporary library building was considered. However, this has been discounted as not value for money for the benefits it may deliver.
- 4.2 During the closure of the existing library, users will be given access to other libraries facilities, extending opening hours of libraries nearby, including the Mobile Library which will be sited nearby at advertised times.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The acceptance of the tender to procure the refurbishment works will provide a modern fit for purpose library with improved access and superior facilities, including community space.
- 5.2 The works address the Adopted Planning Brief, approved by Cabinet in October 2011, in relation to the development of the adjacent Southgate Town Hall.

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

##### **6.1 Financial Implications**

- 6.1.1 The Cabinet and Full Council Decision taken in November 2013 – Key Decision 3791 authorised the budget of £4,455,150 for the complete refurbishment works.

**See Part 2**

## **6.2 Legal Implications**

- 6.2.1 Under the Public Libraries and Museums Act 1964, the Council is under a duty to provide a comprehensive and efficient library service for all persons whose residence or place of work is within the library area of the authority or who are undergoing full time education within that area. Section 111 of the Local Government Act 1972 further gives the Council the power to do anything ancillary to, incidental to or conducive to the discharge of its statutory functions and may enter into a contract with a provider for the works pursuant to section 1 of the Local Government (Contracts) Act 1997.
- 6.2.2 The procurement of the works has been in accordance with the Councils Constitution, in particular Contract Procedure Rules, which permit waivers.
- 6.2.3 The JCT Standard Building Contract with Quantities, 2011 Edition, is an industry standard contract and is approved by the Assistant Director for Legal Services.

## **6.3 Property Implications**

- 6.3.1 Property Implications are contained within the main body of this report.

## **6.4 Procurement**

- 6.4.1 The Procurement was carried out using Exor as the prequalification service as allowed in the Council's Contract Procedure Rules (CPRs). However, as the value of the Works contract exceeded £100,000 there is a requirement to advertise on ProContract which has not been met. Therefore a waiver is required to address the advertising requirements.
- 6.4.2 It should be noted that the procurement process itself has been carried out correctly but to ensure strict compliance a waiver is required. Corporate Procurement are revising the process to ensure that such scenarios are minimised in future.

## **7. KEY RISKS**

- 7.1. The refurbishment works are planned under the Council's Procurement Procedures and with the benefits of correct contractual arrangements.
- 7.2. Protocols are in place for managing any risks from asbestos-containing materials. An Asbestos and Refurbishment and demolition survey shall

be completed within the contained areas identifying the asbestos to be removed.

- 7.3. Hollybrooks Developers shall be completing the proposed development of affordable housing and refurbishing the existing Southgate Town Hall at the same time of the library refurbishment. Access to the site, and managing the external works requires on-going liaison for two programmes of works taking place concurrently.
- 7.4. At a later date the basement and remaining ground floor area may be occupied by a tenant, for which further construction works, and fit out shall take place, which may be a disruption to the Library Services.

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

### **8.1 Fairness for All**

- 8.1.1 Procedures process have been followed, to ensure a fair selection and contract award process.

### **8.2 Growth and Sustainability**

- 8.2.1 The refurbishment of Palmers Green Library and development of Southgate Town Hall will add vitality to the Palmers Green area.
- 8.2.2 The proposed works to the library will improve its environmental performance, and increase local usage of front line services.

### **8.3 Strong Communities**

- 8.3.1 Palmers Green Library provides a significant local amenity and a range of community services. The proposed refurbishment will enhance and futures proof this role.

## **9. EQUALITIES IMPACT IMPLICATIONS**

- 9.1. An Equality Impact Assessment has been completed for the closure of the service.
- 9.2. The Library Service shall be closed for a period of approximately 52 weeks during the works. The Borough is well served by other libraries, with close proximity of several local libraries: Winchmore Hill, Ridge Avenue, Southgate Circus, Bowes Road, and the Mobile Library Service.
- 9.3. Ongoing consultation is taking place to ensure users are fully informed of the proposed development and how the services shall be affected during the working period.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 The works contract will be administrated by the Contract Administrator to the terms and conditions of the Joint Construction Tribunal JCT Standard Building Contract with Quantities, 2011 Edition, as approved by Legal Services.

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

- 11.1 The works will be carried out in accordance with Construction Design Management Regulations 2007, (CDM).

## **12. HR IMPLICATIONS**

- 12.1 The existing staff of Palmers Green Library shall be relocated to other libraries during the period of the works due to extended opening hours of surrounding libraries, and mobile services provisions.

## **13. PUBLIC HEALTH IMPLICATIONS**

**N/A**

### **Background Papers**

None



## MUNICIPAL YEAR 2014/2015 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

**PORTFOLIO DECISION OF:**  
Cabinet Member for Environment &  
Community Safety

**REPORT OF:**  
Director – Regeneration &  
Environment

**Agenda – Part: 1**

**KD Num: 3900**

**Subject:**

Cycle Enfield Settlement 2014/15 and the use  
of the London Highways Alliance Contract  
(LoHAC) Framework

**Wards: All**

Contact officer and telephone number:

Liam Mulrooney (020 8379 3550)

E mail: [liam.mulrooney@enfield.gv.uk](mailto:liam.mulrooney@enfield.gv.uk)

### 1. EXECUTIVE SUMMARY

This report gives details of the Council's successful Cycle Enfield (previously known as Mini-Holland) bid. Transport for London (TfL) has allocated up to £30m to Enfield to transform cycling in the borough over the next 5 years. The report seeks the necessary financial and other approvals so that work can start on the design and consultation of the individual schemes in our bid. Further reports will be prepared for each individual scheme, once consultation has been completed, that will seek approval to implement the schemes.

### 2. RECOMMENDATIONS

To approve the following:

- 2.1 The expenditure of £700,000 on the design of Cycle Enfield schemes and commencement of the associated consultation and statutory procedures associated with their implementation.
- 2.2 The use of the London Highways Alliance Contract (LoHAC) to call-off from the LoHAC Framework to appoint Ringway Jacobs to assist with the design of Cycle Enfield schemes. The value of the contract is £740,000 (seven hundred and forty thousand) over financial years 2014/2015 and 2015/16. It is estimated that £530,000 will be charged in 2014/15.

### **3. BACKGROUND**

- 3.1 In March 2013 the Mayor for London published his Vision for Cycling in London. This included the aim of creating “Mini-Hollands” in the suburbs. The idea is that, over time, these places will become every bit as cycle friendly as their Dutch equivalents; places that suburbs and towns all over Britain will copy.
- 3.2 In April 2013 all 20 Outer London boroughs were invited by the Greater London Authority (GLA) to bid for Mini-Holland funding. 18 boroughs submitted an Expression of Interest in June 2013 with the expectation that 3 or 4 boroughs would share £100m. In September 2013 it was announced that Enfield was one of 8 boroughs shortlisted and we submitted our more detailed bid in December 2013.
- 3.3 On the 10 March 2014 it was announced that Enfield, Waltham Forest and Kingston will share £90m over the next 5 years, receiving up to £30 million each. <https://www.london.gov.uk/media/mayor-press-releases/2014/03/suburbs-transformed-for-cyclists-in-100m-mini-holland-revolution>.
- 3.4 On the 26 March 2014 the Council received a letter from Transport for London (TfL) informing us that we had been allocated £700,000 for the 2014/15 financial year to begin developing our bid proposals.
- 3.5 In order to fit in with the Council's existing cycle programme, and to give the project a local and easily understood name, we have rebranded Mini-Holland to Cycle Enfield.

### **4. PROPOSALS**

- 4.1 The Council's Cycle Enfield bid includes a range of proposals to transform cycling in Enfield. Full details can be found in the bid document at <http://www.enfield.gov.uk/cycleenfield>
- 4.2 This report seeks approval to use our £700,000 2014/15 funding allocation from TfL to progress Cycle Enfield schemes. Once a thorough consultation exercise, which will include local businesses and residents, has been completed a report will be submitted to the Cycle Enfield Project Board for each scheme. This will summarise the responses to the consultation and seek approval to implement the scheme.
- 4.3 To assist with the extensive survey, design and consultation work that Cycle Enfield will entail the Council will enlist the help of specialist consultants. This report therefore also seeks approval to use the London Highways Alliance Contract (LoHAC) to procure consultants. LoHAC was developed as a joint initiative between TfL and London's

boroughs, to deliver a reliable, reputable and cost-effective highways service across the Capital. After an exhaustive tendering exercise Ringway Jacobs were appointed to cover north east London.

- 4.4 We propose to use Ringway Jacobs for the survey and design work on a wide range of Cycle Enfield schemes. Ringway Jacobs proposed fee for this work is £740,000. This is for work over the next two financial years with £530,000 expected to be charged in 2014/15.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The Council could choose to decline the Mini-Holland funding, including the £700,000 initial allocation. However this would mean the loss of up to £30m of investment in the borough and the associated transport and health benefits.
- 5.2 Rather than use the LoHAC contract to procure the services of consultants, the Council could carry out its own tendering exercise or use an existing framework contract, such as TfL's Project Management and Engineering Framework Agreement. However, both options would take 3-6 months to complete, a significant delay to the project. This delay could prejudice the Council's ability to meet TfL's aspiration to deliver as much of the programme as possible within 2 years. This in turn could lead to TfL reallocating the Cycle Enfield (previously known as Mini-Holland) funding of up to £30m to other London boroughs.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The Mini-Holland project will get more people cycling in Enfield by making cycling safe and convenient. The benefits of this will include:
- Fewer people driving cars thereby reducing congestion and air and noise pollution.
  - Improvements in public health by increasing physical activity and improving air quality.
  - Reduction in poverty and improved access to employment by providing a very cheap form of transport.
  - Regeneration of town centres by funding improvements to the public realm and making them more pedestrian friendly.
- 6.2 It is recommended that the services of a consultant are procured via LoHAC as this will enable traffic surveys, detailed modelling and the development of options to be completed as soon as possible. The rates within the contract have been subject to a competitive tendering exercise and represent value for money.

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

### **7.1 Financial Implications**

- 7.1.1 The Cycle Enfield Project (Previously Mini-Holland) will be progressed and funded under the same financial arrangements used in the Local Implementation Plan (LIP).
- 7.1.2 On the 10 March 2014 it was announced that Enfield, Waltham Forest and Kingston will share £90m over the next 5 years, receiving up to £30 million each (see paragraph 3.3).
- 7.1.3 For financial year 2014/2015; initial funding of £700,000 has been granted by TFL to meet the costs of drawing up the programme. The allocated grant and the claims (cost reimbursement) process will be governed through the online TFL Borough Portal (see paragraph 3.4).
- 7.1.4 The estimated cost of appointing Ringway Jacobs for the survey and design work on a wide range of Cycle Enfield schemes is £739,917.15, this is for work over the next two financial years with £530,000 expected to be charged in 2014/15. This will be met from the Initial 2014/15 Funding of £700,000, which has been granted by TFL to meet the cost of preparing the preliminary designs and the remainder of the costs will be met from the Enfield Mini-Holland TFL allocation.
- 7.1.5 Expenditure once approved by Transport For London; it will be fully funded by means of direct grant from TFL; governed through the TFL Borough Portal, hence no costs fall on the Council. The release of funds by TFL is based on a process that records the progress of works against approved spending profiles. TFL makes payments against certified claims as soon as expenditure is incurred; ensuring that the Council benefits from prompt reimbursement of any expenditure.
- 7.1.6 LIP financial assistance is provided by TFL under Section 159 of the GLA Act 1999. The funding is provided to support local transport improvements that accord with the Mayor's Transport Strategy Goals and Outcomes.
- 7.1.7 Use of the funding for purposes other than those for which it is provided may result in TFL requiring repayment of any funding already provided and/or withholding provision of further funding. TFL also retains the right to carry out random or specific audits in respect of the financial assistance provided.

### **7.2 Legal Implications**

- 7.2.1 The general power of competence under s.1 (1) of the Localism Act 2011 states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation

and subject to Public Law principles. In addition, section 19 of the Local Government (Miscellaneous Provisions) Act 1976 further enables the Council to provide such recreational facilities as it thinks fit (including power to provide buildings, equipment, supplies and assistance of any kind for this purpose). The appointment of consultants is permitted in accordance with these powers.

7.2.2 The council is entitled to call-off from a valid framework, in doing so it must comply with the terms of that framework.

7.2.3 The Council must comply with any conditions stipulated by TFL, with regards appointment of consultants.

7.2.4 The contract with the consultant must be in a form approved by the Assistant Director of Legal Services.

### **7.3 Property Implications**

7.3.1 The preferred scheme design for Enfield Town, and for the A1010 Hertford Road segregated cycle corridor, clearly has significant benefits.

7.3.2 The planned consultations with stakeholders will be important for giving proper consideration to the potential effects of specific proposals upon local retail activities and servicing arrangements for affected properties.

## **8. KEY RISKS**

The allocations detailed in the report were confirmed by TfL in March 2014 in response to Enfield's submission in December 2013. Therefore, internal approval for the programmes would allow works to commence and invoices to be submitted to TfL from April 2014. Delay in approval would induce the risk of not being able to complete works within the year 2014/15.

## **9. IMPACT ON COUNCIL PRIORITIES**

### **9.1 Fairness for All**

The provision of a safe, convenient and extensive cycle route network will make cycling a viable transport choice for all. It will be of particular benefit in tackling health and wealth inequalities.

### **9.2 Growth and Sustainability**

9.2.1 Cycling is a sustainable mode of transport with virtually no environmental impact when compared to motorised transport.

- 9.2.2 The Mini-Holland project will contribute to the growth agenda by regenerating the town centres that the main cycle routes pass through.

### **9.3 Strong Communities**

Many of the Mini-Holland proposals will improve conditions for disadvantaged groups and disadvantaged areas. Particular elements of the work will also reduce the impact of traffic and help create more cohesive communities. Several cycling promotions have an emphasis on community engagement and safety. The consultation process allows the representation and input of all interest groups.

## **10. EQUALITY IMPACT IMPLICATIONS**

An equalities impact assessment/analysis will be carried out for each of the schemes that will make up the Cycle Enfield programme. These EQIAs will be included in the portfolio reports that will be prepared for each individual scheme.

## **11. PERFORMANCE MANAGEMENT IMPLICATIONS**

The implementation of this scheme will directly contribute to the Council Business Plan, Aim 2.5 (Improved sustainability of transport and reduce its impact in the borough – Introduce cycle lanes to link Enfield's network to the London Greenway) and Aim 2.6 (Reduced number of casualties on Enfield's roads).

## **12. HEALTH AND SAFETY IMPLICATIONS**

There are no direct health and safety implications from this report.

## **13. PUBLIC HEALTH IMPLICATIONS**

- 13.1 The Mini-Holland project provides a unique opportunity to improve the health of the borough's residents and address health inequality.
- 13.2 Increasing cycling levels in Enfield would significantly improve the health and wellbeing of Enfield residents through:
- Increased physical activity and associated reductions in mortality and morbidity.
  - Improved air quality and associated reductions in lung disease.
  - The reduction of crime, fear of crime and increasing residents' financial resilience.

### **Background Papers**

None.