

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

22 OCTOBER 2019

REPORT OF THE CHIEF EXECUTIVE

CAPITAL ENERGY INVESTMENT PROJECT AND CORPORATE LANDLORD ENERGY AND CARBON STRATEGY

1. Purpose of report

- 1.1 The purpose of this report is to provide an update to Cabinet on the Capital Energy Investment Project and seek approval from Cabinet to use the Re:fit Framework and to issue an Invitation to Tender for the works; as well as seeking approval for the the Corporate Energy and Carbon Strategy 2019.

2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

1.1 Capital Energy Investment Project

- In February 2018, as part of the Medium Term Financial Strategy 2018-19 to 2021-22, council approved capital funding of £1.3m to enable the delivery of the Capital Energy Investment Project. This was to be funded from prudential borrowing with repayments made from energy savings generated as a result of the investment.
- Different delivery models have been reviewed and appraised, including working with private sector consultants in a partnership arrangement to deliver energy efficiency measures to selected council owned buildings.
- The Welsh Government proposed that the council consider delivering carbon saving measures using the Re:fit programme. Re:fit is an energy performance framework produced by Local Partnerships LLP (which is a joint venture owned by HM Treasury and the Local Government Association and established in 2009) and specialises in delivering retrofit energy projects to public sector buildings. Re:fit have delivered projects across the UK but also

to many Welsh Local Authorities, such as Cardiff, Swansea, Carmarthenshire, Pembrokeshire and Merthyr Tydfil, to name a few.

- The Welsh Government offered free surveys from Carbon Trust to investigate the potential energy saving opportunities to some council owned buildings. As a result, Carbon Trust was appointed to produce a screening assessment of the energy efficiency opportunities. Carbon Trust surveyed 10 buildings and produced high level energy saving recommendations with detailed cost, energy and carbon saving figures as well as estimated payback periods. The energy saving measures could include LED lighting, pipework insulation, Building Management System (BMS) controls or solar PV systems, to name a few.
- Additionally, advice and project management support is being provided to the Council by GEP Environmental, on behalf of the Re:fit framework.

4. Current situation/proposal

4.1 Capital Energy Investment Project

- Following a review of options, officers determined that using the Re:fit framework would provide the most appropriate capital energy investment delivery model.
- An Access Agreement has been entered into with Local Partnerships and a Client Support Agreement has been entered into with the Welsh Government.
- Thirty buildings and associated energy conservation works were initially identified as delivering the most effective measures. This followed an extensive review with technical officers. Given the funding constraints, this has been shortlisted down to twenty two buildings, as shown in Appendix 1 to this report and engagement with stakeholders is currently being undertaken.
- A project plan has been developed under the Re:fit framework to identify each stage within the project. If Cabinet approval is received, the aim is to issue an Invitation To Tender under the Re:fit Framework in November 2019 and award contracts in March 2020, with works commencing in the summer of 2020 and continuing over a 12 – 18 month period.

4.2 Corporate Energy and Carbon Strategy 2019

- Officers have been working to produce an Energy and Carbon Strategy that could help to improve management of energy and carbon emissions produced by the council.

- The Energy and Carbon Strategy has been drafted and sets out the key objectives which will enable the council to deliver the degree of improvement currently required by latest carbon reductions plans.
- In order to meet those key objectives, a series of action and activities have been identified. This may be achieved through eight key areas:
 - Comply with all relevant **legal and legislative requirements** relating to energy use, consumption and efficiency
 - **Optimise energy performance** of the BCBC Building Portfolio.
 - **Support schools** to reduce energy, costs and emissions
 - Improve engagement, **communications and training** about energy throughout all departments within the council
 - **Engage with staff** to actively improve energy and costs saving
 - **Effective metering and monitoring** to effectively reduce avoidable waste
 - **Energy audits** to identify, quantify and prioritise energy saving opportunities
 - Increase participation of **renewable energy technologies** to decrease dependency on fossil fuels.
- A copy of the Energy and Carbon Strategy to be approved has been attached to this report at Appendix 2.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the Policy Framework and Procedure Rules.

6. Equality Impact Assessment

6.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics and an EIA status of low priority is considered appropriate at this stage. It is considered that there will be no negative impacts from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The Well-being of Future Generations (Wales) Act 2015 Assessment based on the 5 ways of working has been considered and there are no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives.

- Long term - The Capital Energy Investment Project will improve short-term energy needs to selected buildings and safeguard the ability to also meet long-term energy needs.
- Prevention - Problems will be prevented to occurring or getting worse by engaging with building users in advance to make sure that any risks are minimised.

- Integration – The Capital Energy Investment Project will impact positively council well-being objectives.
- Collaboration – Collaboration between the different parts involved in the Capital Energy Investment Project is key to the success of the project.
- Involvement - Involvement with building end users will be part of the Capital Energy Investment Project to achieving the well-being goals.

8. Financial implications

8.1 Capital Energy Investment Project involve

- Council has previously approved £1.3 million of capital funding for the Capital Energy Investment Project utilising prudential borrowing, with a payback period of 5 years.
- The Welsh Government has offered Salix funding for this project– which the Council previously used to replace its street lighting with energy efficient LED units. The advantage of this funding is that it is interest free, compared to prudential borrowing which includes a low interest rate, but there is a maximum payback period of 8 years and the cost of CO² must be less than £200 per tonne over the lifetime of the project.
- It is currently estimated that the energy saving measures to be implemented in the buildings listed in Appendix 1 will have a range of 5 to 8 years payback period.
- Officers will determine the most appropriate value for funding route and report back to council later this year.

9. Recommendation

9.1 It is recommended that Cabinet:

- Notes the content of this report;
- Gives approval to use the Re:fit Framework and to issue an Invitation To Tender using the Re:fit framework to select the service provider to deliver the capital energy investment project and associated saving measures;
- Delegate authority to the Deputy Leader and Cabinet Member for Resources to approve the award of the contract to the successful bidder under Scheme A of the Scheme of Delegation;
- Approve the adoption and implementation of the Corporate Energy and Carbon Strategy 2019.
- Delegate authority for any revisions required to the Corporate Energy and Carbon Strategy 2019 to be approved by the Corporate Landlord Project Board.

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Background documents:

None.