

**VALE OF GLAMORGAN COUNCIL**

**REQUEST FOR "CALL-IN"**

Agenda Item No. 4

***N.B. BEFORE COMPLETING THIS FORM, MEMBERS ARE REQUESTED TO GIVE CAREFUL CONSIDERATION AS TO WHETHER OR NOT THEY ACTUALLY WISH TO HOLD UP THE DECISION(S) OF CABINET. IF NOT, AND THE INTENTION IS TO SIMPLY SEEK FURTHER INFORMATION / CLARIFICATION, PLEASE USE THE ALTERNATIVE FORM TO REQUEST CONSIDERATION OF A MATTER BY A SCRUTINY COMMITTEE.***

Name: Councillor Ian Johnson

Signature: Ian Johnson (electronic)

I request the "calling-in" of the following matter:

Subject: Procurement of Refit Works for Council Building Assets

Date of Cabinet: 4<sup>th</sup> September 2017

Cabinet Minute No: C63

Cabinet Resolution No.: .....  
(To be completed where the above Minute contains multiple recommendations)

Referral to which Scrutiny Committee(s): Corporate Performance and Resources

Reason(s) for request:

Prior to approval of the Cabinet Minute, CPR Scrutiny Committee should receive information on, and be satisfied with regards to:

- (1) The possible eligible projects for which ReFit Cymru can be used, and which have been identified by Cabinet as appropriate for implementation – and the basis on which these decisions have been made
- (2) The anticipated costs and savings of these proposals
- (3) The appropriateness of the procurement mechanisms in securing local benefits for Vale of Glamorgan based companies as first tier contractors or sub-contractors

Date received: 12/9

Managing Director's Signature: 

Scrutiny Chairman authorisation: Approved

Refused:

Reason(s) for refusal:

.....  
.....  
.....

Scrutiny Chairman's signature: .....

**FORM TO BE RETURNED TO THE MANAGING DIRECTOR**

**Rees, Jeff E**

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**From:** Carroll, George D (Cllr)  
**Sent:** 14 September 2017 11:00  
**To:** Rees, Jeff E  
**Subject:** Re: Call- in - Cllr Ian Johnson

Hi Jeff

That's absolutely fine - please include it on the agenda for next week's meeting.

All the best,

George

## Extract from Cabinet Minutes - 4<sup>th</sup> September, 2017

### **C63 PROCUREMENT OF REFIT WORKS FOR COUNCIL BUILDING ASSETS (L) (SCRUTINY COMMITTEE – CORPORATE PERFORMANCE AND RESOURCES) -**

Approval was sought for the Council to procure works for all phases of Refit Cymru which were expected to exceed a total value of £300,000.

Refit Cymru was a Welsh Government promoted scheme that aimed to accelerate the energy efficiency improvement of all public sector buildings in Wales. Measures such as energy efficient lighting upgrades, boiler system upgrades and fabric insulation were some of sixty three potential measures that could be included within Refit. Loans could be made available for Refit phases that included measures with an overall 8 year simple payback through the guaranteed energy savings. It was the appointed contractor that guaranteed the savings, over the loan term. The monitoring and verification (M&V) report that they provided alongside their saving predictions specified an agreed methodology for how the savings were going to be measured. If there was an under performance then the contractor would make payments to the Council against the guarantee. The loans had to be repaid by the Council through the savings over what could be up to a maximum term of 10 years.

Refit would be delivered in two or three phases for approximately 72 of the buildings identified as being in scope over a three year programme.

The Refit scheme had been positively received by the Council's Insight Board (15 February, 2017) and the Corporate Management Team (1 March, 2017). Also, following presentations on 12 January and 13 January, 2017 to school head teachers, 72% of those asked for a response were very positive about the scheme.

The Council formally approved participation in the Refit Cymru programme on 24 April, 2017.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T delegated authority be granted to the Head of Finance to approve the issue of tenders for each phase of the Refit scheme.

(2) T H A T delegated authority be granted to the Head of Finance in consultation with the Leader of the Council to award a contract to the winning bidder of the tendering process for each phase of the Refit scheme.

(3) T H A T delegated authority be granted to the Head of Legal Services to execute the Refit contracts.

### Reasons for decisions

(1-3) In order that works associated with the Refit programme could commence and that the Vale of Glamorgan Council could start to benefit from the potential improvements.

## The Vale of Glamorgan Council

Cabinet Meeting: 4 September, 2017

### Report of the Leader

## Procurement of Refit works for Council Building Assets

### Purpose of the Report

1. To seek formal approval for the Council to procure works for all phases of Refit Cymru which are expected to exceed a total value of £300,000.

### Recommendations

1. That delegated authority is given to the Head of Finance to approve the issue of tenders for each phase of the Refit scheme.
2. That delegated authority is given the Head of Finance in consultation with the Leader of the Council to award a contract to the winning bidder of the tendering process for each phase of the Refit scheme.
3. That delegated authority be granted to the Head of Legal Services to execute the Refit contracts.

### Reasons for the Recommendations

- 1-3. In order that works associated with the Refit programme can commence and that the Vale of Glamorgan Council can start to benefit from the potential benefits.

### Background

2. Refit started in England in 2008 as a pilot scheme in London and was subsequently rolled out to the rest of England in 2009. Refit is therefore established and is a tried and tested model. Refit Cymru was launched in 2016 and provides guaranteed savings on energy efficiency measures installed under the Refit scheme.
3. Refit Cymru is a Welsh Government promoted scheme that aims to accelerate the energy efficiency improvement of all public sector buildings in Wales. Refit Cymru gives Welsh public bodies the opportunity to use a UK framework comprising 16 contractors to improve the energy efficiency of their buildings. Measures such as energy efficient lighting upgrades, boiler system upgrades and fabric insulation are some of sixty three potential measures that could be included within Refit. Loans can be made available for Refit phases that include measures with an overall 8 year simple payback through the guaranteed energy savings. It is the appointed contractor

- that guarantees the savings, over the loan term. The monitoring and verification (M&V) report that they provide alongside their saving predictions specifies an agreed methodology for how the savings are going to be measured. If there is an under performance then the contractor will make payments to the Council against the guarantee. The loans have to be repaid by the Council through the savings over what could be up to a maximum term of 10 years.
4. Assistance in the administration of Refit is provided by the Welsh Government via the Refit Cymru Project Implementation Unit (PIU), Green Growth Wales and Local Partnerships. The support provided by the PIU includes help in securing funding and resources, project brief development, delivery of the mini competition process and obtaining investment grade proposals. Each of these tasks break down into separate activities for which the Council has the option of using the assistance of the PIU. The amount of assistance that is taken will determine the pro rata costs that may be incurred if Refit were abandoned. If it is agreed that the Council joins the Refit programme a payment of £10,000 will be required to contribute towards these costs.
  5. The capital finance required is being provided in Wales by the Welsh Government in the form of interest free loans repayable through the savings achieved by implementing the energy efficiency measures. The money is in the form of Salix Energy Efficiency Loans and/or Invest to Save Loans.
  6. Refit would be delivered in two or three phases for approximately 72 of the buildings identified as being in scope over a three year programme.
  7. The Refit scheme has been positively received by the Council's Insight Board (15th Feb 2017) and the Corporate Management Team (1st March 2017). Also, following presentations on 12th January and 13th January 2017 to school head teachers, 72% of those asked for a response were very positive about the scheme.
  8. The Council formally approved participation in the Refit Cymru programme on 24th April 2017.

### **Relevant Issues and Options**

9. Refit Cymru uses a framework contract that was set up by Local Partnerships and the Greater London Authority.
10. There are 16 companies on the framework and it runs from 2016 to 2020.
11. The Vale of Glamorgan will issue an invitation to tender to the 16 companies on the framework.
12. Cabinet has given approval for the Head of Legal Services to sign the Refit Cymru Client support agreement and this will allow the Vale of Glamorgan Council to be provided with expert help to procure the Refit works through the Refit Cymru Programme Implementation Unit.

### **Resource Implications (Financial and Employment)**

13. It is expected that up to 30 buildings will be included in Phase I of Refit.
14. Phase I of Refit is estimated to be worth £800,000 with subsequent phases all worth more than £300,000. However, the nature of the scheme means that final costs will not be known until detailed surveys and proposals are provided by the appointed framework contractor.

15. The costs of the Refit phases will be resourced through interest free invest to save loans from the Welsh Government. The loans will be repaid through the guaranteed savings resulting from the installed measures.
16. A project board has been set up, led by the Head of Finance which had its initial meeting on 7th July 2017 and will meet again at milestones with the Refit implementation process.

### **Sustainability and Climate Change Implications**

17. The predicted savings from the bench marking exercise amounted to a 12% reduction in building related carbon emissions. This would be in keeping with the 3% per annum reduction targets of existing performance indicators that are reported against.
18. Refit is in keeping with the objective 4 of the Council's corporate plan 2016-2020, "Promoting sustainable development and protecting our environment" and within that objective "Review and implement the Council's Carbon Management Plan and targets to reduce emissions from street lighting council vehicles and council buildings". Thereby contributing to Well-being Outcome 2: An Environmentally Responsible and Prosperous Vale" plan.

### **Legal Implications (to Include Human Rights Implications)**

19. The Refit and client support agreements along with associated documentation has been submitted and reviewed by our legal section. The potential liability is detailed in the cabinet report referred to in paragraph 8 above. It will be necessary for relevant agreements to be executed on behalf of the Council.
20. The Refit support agreement includes provision for review and guidance relating to the savings guarantees associated with the Refit works. Our legal department will also be consulted over the terms and conditions of these guarantees at the stage that they are presented (at the investment grade proposal stage of the Refit process).

### **Crime and Disorder Implications**

21. Security of site storage will be addressed in cooperation with the appointed Refit contractor.

### **Equal Opportunities Implications (to include Welsh Language issues)**

22. There are no equal opportunity implications.

### **Corporate/Service Objectives**

23. This initiative is in keeping with the Corporate Plan 2016 - 2020, "Well-being Outcome 2: An environmentally responsible and prosperous Vale"

### **Policy Framework and Budget**

24. This is a matter for Executive decision by Cabinet.

### **Consultation (including Ward Member Consultation)**

25. No specific consultation has been initiated due to the nature of these works which will be carried out across the whole of the Vale.

## **Relevant Scrutiny Committee**

26. Corporate Performance and Resources

### **Background Papers**

None

### **Contact Officer**

David Powell - Energy Manager

### **Officers Consulted**

Corporate Management Team  
Operational Manager (Audit)  
Procurement

### **Responsible Officer:**

Carys Lord - Head of Finance