

PROCUREMENT FOR AN ENERGY SERVICE PROVIDER UNDER THE REFIT 3 FRAMEWORK

To: **Economy and Environment Committee**

Meeting Date: **14th July 2016**

From: **Executive Director, Economy, Transport and Environment**

Electoral division(s): **ALL**

Forward Plan ref: **2016/026** *Key decision:* **Yes**

Purpose: To highlight changes to the Energy Performance Contracting arrangements under the REFIT 2 Framework and to seek approval to procure a Service Provider from the new REFIT 3 Framework.

Recommendation: **Members are asked to agree:**

- a) To manage the expiration of the REFIT 2 Framework arrangements with Bouygues E&S Ltd in accordance with the process set out in this paper.
- b) To run a mini-competition under the REFIT 3 Framework to appoint a Service Provider to facilitate the design and delivery of new projects post- November 2016 to grow the Authority's energy ambitions.

<i>Officer contact:</i>	
Name:	Sheryl French
Post:	Project Director
Email:	Sheryl.french@cambridgeshire.gov.uk
Tel:	01223 728552

1. BACKGROUND

- 1.1 The Greater London Authority (GLA) set up the REFIT 2 Framework in 2012 appointing suppliers to the framework through an OJEU compliant process. The County Council entered into an access agreement with the GLA in April 2014 and released an Invitation to Tender (ITT) via a mini-competition to appoint a Service Provider in June 2014. The ITT describes a contract term of 15 years and was developed with advice from Local Partnerships (a public body, which provides technical advice on procurement via the REFIT 2 Framework).
- 1.2 Under the mini-competition, Bouygues Energies and Services Ltd (BE&S Ltd) were appointed as the Service Provider. To date 24 contracts worth £5.2 million for work in schools and public buildings have been signed and a contract for the 12 MW Solar Park for just under £10million. In addition, this procurement has facilitated Cambridge City Council, Huntingdonshire District Council and Fenland District Council to work with BE&S Ltd on their assets.

2. MAIN ISSUES

- 2.1 The Authority was notified by Local Partnerships in March 2016 that the current REFIT2 Framework will expire on 18th November 2016 and after that date, it is unable to enter into any new agreements for energy performance contracting with the Service Provider. Any new energy performance contracting projects have to be procured under the new REFIT3 Framework which was released in March 2016.
- 2.2 Local Partnerships, a support organisation to the GLA for the REFIT Framework, provided all Local Authorities with advice on how to extend existing procurement arrangements to manage the change from the REFIT 2 Framework to the REFIT 3 Framework as interim arrangements. These include:
 - (i) where projects are already signed and in contract – no action needed
 - (ii) Projects not yet in contract, to work with BE&S Ltd to agree an outline business case and enter into a Call off Contract 1 (COC1) which then governs the terms for delivery of an Investment Grade Proposal (IGP) and entering into a Call off Contract 2 (COC2)
 - (iii) For projects which cannot get an outline business case by November 2016 but are named in the ITT, the Authority enters into a COC1 which includes an addendum to accommodate future named Premises with a view to producing IGPs in respect of those Premises.
- 2.3 In discussion with The GLA a broadly similar approach to Local Partnerships was suggested but with the difference that any specific named project sites in the mini-competition procurement can enter into contract at any point before or after November 2016.
- 2.4 To ensure continuity for the Authority's energy performance contracting programme and to manage risks associated with the procurement changes, Appendix A is proposed as a process to determine how to progress projects. Cambridgeshire has more than 240 schools and the Authority owns and manages over 100 public buildings and other assets. It is essential that the

procurement changes don't stop new projects progressing and that any new procurement can develop the Authority's energy ambitions to bring forward larger projects on its assets as well as continue the successful schools programme.

- 2.5 It is worth highlighting that the current procurement of BE&S Ltd under the REFIT 2 Framework has worked extremely well. Bouygues E&S Ltd have provided the engineering expertise, innovation and supply chain development to build the energy programme to what it is today and has been a very supportive partner. This relationship will continue into the future through existing long term contracts already in place and there remains opportunity for Bouygues E&S Ltd to continue this work through applying via a new mini-competition arrangement under REFIT 3.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

A thriving economy is dependent on affordable and secure energy supplies. There are economic opportunities that come from developing local energy projects including job creation, product innovations and revenue opportunities. Procuring the expertise to design and deliver new energy projects is essential for a future low carbon economy. This will provide Cambridgeshire communities and businesses greater energy self-sufficiency and management of energy bills.

3.2 Helping people live healthy and independent lives

Fuel poverty is a significant issue, despite recent falls in energy prices. Developing projects to generate energy to sell to local businesses and communities will help businesses and the vulnerable save money on their energy bills.

Evidence suggests that cold homes will bring greater health risks impacting negatively on health budgets and services.

3.3 Supporting and protecting vulnerable people

See above for the issue of fuel poverty. Fuel poverty impacts most on the vulnerable in our society

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

Procuring a service provider under the REFIT 3 Framework is time efficient and staff efficient. The Greater London Authority appointed 16 service providers to their framework which have been subject to an OJEU compliant competitive tendering process. This makes appointing a service provider via a local mini-competition for the Authority using the REFIT 3 Framework, competitive, relatively swift and with reduced upfront process and bureaucracy, saving the Authority time and money. However, there is still a cost to using the REFIT 3 Framework. A levy is charged per contract to contribute towards the framework setup costs and its support services to

ensure that clients get the best value from the framework contracts agreements and the service providers.

4.2 Statutory, Risk and Legal Implications

If the current procurement is not managed effectively through to the expiration of the REFIT2 Framework there is increased risk that projects will not comply with procurement regulations and be subject to challenge and legal costs.

4.3 Equality and Diversity Implications

High energy prices affect the low paid disproportionately and so measures to manage prices and energy availability will be beneficial.

4.4 Engagement and Consultation Implications

When projects are brought forward, there will be engagement with local members and the community as part of the planning approval process.

4.5 Localism and Local Member Involvement

As above.

4.6 Public Health Implications

See 3.2 above

Source Documents	Location
Local Partnerships Letter to all Local Authorities detailing the end of the REFIT 2 Framework and how this can be managed.	\\ccc.cambridgeshire.gov.uk\data\ET E Growth & Economy\EIU\Project Management\Procurement\Partners REFIT 2
ITT to procure a service provider under the REFIT 2 Framework	\\ccc.cambridgeshire.gov.uk\data\Et Shared\Innovation & Partnerships\IEE MLEI L- CIF\MLEI_WP4\procurement\REFIT successful framework\Tender development\FINAL ITT

Appendix A: Management of projects as part of the expiration of the REFIT 2 Framework

