



City of Westminster

Cabinet Member Report

Decision Maker:	Councillor Paul Swaddle - Cabinet Member for Finance and Smart City
Date:	8 March 2021
Classification:	General Release
Title:	Energy Efficiency Programme Retrofit Accelerator (RE:FIT) – Workplaces
Wards Affected:	All Wards
Key Decision:	Approval of contract award and programme governance structure.
Financial Summary:	Estimated value over contract period of 10 years (March 2021 - March 2031) - £20m. Capital allocation has been bid for £5.88m to the end of 2025-26. Grant funding streams are being investigated to supplement capital allocation.
Report of:	Executive Director of Finance and Resources - Gerald Almeroth

1. Executive Summary

- 1.1 Westminster City Council has engaged with the GLA Retrofit Accelerator programme to support the organisation in setting up, running and successfully implementing retrofit projects across the corporate property portfolio.
- 1.2 RE:FIT is a procurement initiative for public sector organisations wishing to implement energy efficiency measures to their buildings. These measures improve the energy performance of buildings, thereby reducing carbon emissions and achieving substantial guaranteed annual cost savings.
- 1.3 This framework offers a no risk approach, guaranteeing a return on any Westminster City Council investment. WCC would retain 100% of the savings and if the guaranteed savings are not achieved, the service provider must resolve the reduced energy

performance by either providing additional measures to meet their guarantee or paying WCC the difference.

- 1.4 It is felt that the Retrofit Accelerator Programme offers WCC an opportunity to mobilise quickly, through a tried and tested framework that has already supported more than 220 organisations.
- 1.5 A mini competition through the Greater London Authority's National Energy Performance Contract Framework (RE:FIT) was conducted to appoint a service provider that will be working in partnership with Westminster City Council in order to deliver the programme.
- 1.6 The type of work that can be undertaken through this contract is wide ranging, offering the potential to implement carbon reduction measures such as replacement windows and insulation, through to more innovative solutions such as heat pumps and connection to district heat networks where feasible. All works will be selected with a clear focus on reducing carbon emissions in order to meet the targets set out by the Council.
- 1.7 It should be noted that only commercial properties fall within scope of the programme and that residential properties are not in scope under this framework.
- 1.8 We have identified 20 buildings which will provisionally be included in phase one of the programme. There are approximately 120 further buildings that will be considered for later phases where we feel opportunities exist to reduce the carbon emissions across the corporate portfolio. In addition to this, both the investment portfolio and schools fall within scope and will also be investigated for subsequent phases. The contract offers flexibility, allowing us to remove or add any assets within each phase of the programme. Governance is in place to oversee all opportunities presented to the Council for consideration, ensuring that carbon emission reductions and financial returns are viable.

2. Recommendations

- 2.1 That appendix 1 to the report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A Part 1, paragraph 3 (as amended), in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 2.2 It is recommended that the Cabinet Member for Finance and Smart City gives approval for the contract award to the successful bidder (see Gate 3 Contract Award Report - Appendix 1). Please note that the decision to award has agreement from the Director of Corporate Property and the Executive Director of Finance and Resources.
- 2.3 It is recommended that the Cabinet Member for Finance and Smart City gives approval for the proposed programme governance structure (see Appendix 2).

3. Reasons for Decision

- 3.1 The successful bidder provided the highest scoring return to the invitation to tender, subsequent to moderation by the evaluation panel.

4. Background, including Policy Context

- 4.1 On 18 September 2019 Westminster City Council declared a climate emergency and is set to become carbon neutral by 2040 after overwhelming support from local councillors. The declaration commits Westminster City Council to becoming carbon neutral by 2030 and for the whole city to follow suit by 2040.
- 4.2 This project is aligned with the 'Greener and Cleaner' pillar of the City for All programme of activity, tackling the climate emergency to create a better place now and to safeguard our city for future generations.
- 4.3 The service provider will work in conjunction with WCC to help deliver the City Council's strategic vision and values by supporting the City Council's climate emergency declaration and target to achieve carbon neutrality from Council operations by 2030.
- 4.4 Reducing emissions will support the delivery of wider borough policies and strategies targeting carbon reduction and air quality priorities as detailed in the City Council's:
- Greener City Action Plan
 - Emerging Carbon Reduction Strategy (2020-2025)
 - Draft Air Quality Strategy and Action Plan (2019)
- 4.5 The RE:FIT Programme will feed into the Climate Emergency Programme, which is overseen by the Climate Action Group. The project team will champion carbon management within the authority, ensuring that key stakeholders are engaged throughout the lifecycle of the programme. A 'Loop Live' session has already been scheduled for 18 March 2021 to provide an overview of the initiative to a wider audience.

5. Financial Implications

- 5.1 A capital allocation has been bid for £5.88m to the end of 2025-26.
- 5.2 Scope exists each year to bid for additional capital allocations. The bid is being submitted as part of the recommended Capital Strategy for agreement by Members for agreement by Full Council. The bid was agreed by Cabinet on the 15th February and will be submitted to Council on the 3rd March. There is also an existing capital allocation as part of the 2020 budget capital strategy.
- 5.3 The contract will be for a period of 10 years (March 2021 - March 2031), with an additional 5-year payback period up until March 2036. The estimated value of the contract over the 10-year contract period is £20m.
- 5.4 WCC will investigate opportunities to seek grant funding in order to supplement the capital investment. The Corporate Property energy team has already engaged with Salix Finance and will continue discussions regarding the potential of funding through the Public Sector Decarbonisation Scheme.

6. Legal Implications

- 6.1 It is intended that the Service Provider will work closely with the Council in order to optimise the energy efficiency of selected premises and sites, improve the energy performance of its assets through measured and verified energy efficiency improvements and/or energy generation, reduce emissions and save money through cost avoidance associated with guaranteed kWh savings and/or income generation.
- 6.2 The procurement activity has been undertaken in accordance with the requirements of Public Contract Regulations 2015, terms of the framework agreement and, the Council's Contract Procedure Rules.

7. Consultation

- 7.1 Ward Members will be provided with an overview of this Cabinet Member Report to apprise them of the recommendations.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

Chris Little

Energy Manager

M: 07813403520

E: clittle@westminster.gov.uk

For completion by the **Cabinet Member for Finance and Smart City**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Paul Swaddle** _____

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Retrofit Accelerator (RE:FIT) – Workplaces.**

Signed

Cabinet Member for Finance and Smart City

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
.....
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Strategic Director Finance and Performance and, if there are resources implications, the Strategic Director of Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from

publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.