

Committee: **Regeneration Scrutiny Committee**
Date of meeting: **24th March 2021**
Report Subject: **Progress Update: RE:FIT Project**
Portfolio Holder: **Cllr D. Davies, Deputy Leader & Executive Member
for Regeneration and Economic Development**
Report Submitted by: **Amy Taylor, Team Manager Regeneration
Opportunities**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
21.02.20	x	11.03.21			24.03.21	14.04.21		

1. Purpose of the Report

- 1.1. To provide Regeneration Scrutiny Committee with an update on progress of the RE:FIT project.

2. Scope and Background

- 2.1. RE:FIT is a commercial model for public bodies wishing to achieve financial cost savings, to improve the energy performance of their buildings and reduce their CO₂ footprint through the use of a performance backed contract/tender.
- 2.2. In November 2016, Executive Committee approved a proposal to allow the Council to move forward with a project under the RE:FIT framework as following a mini-competition with suppliers on the framework, Matrix Control Solutions were appointed as the Preferred Contractor.
- 2.3. Funding to deliver the programme was also provisionally secured through the Salix / Invest to Save (Welsh Government) interest free loan scheme.
- 2.4. Around 35 buildings were originally considered to form part of the Blaenau Gwent RE:FIT project and an initial phase was developed. This phase was further split into smaller stages to enable works to be undertaken as proposals were developed and agreed. These are described in sections 2.5 – 2.17.

Phase 1a

- 2.5. Phase 1a of the Re:Fit project is made up of the following Council-owned buildings:
- Corporate Landlord Buildings (including but not limited to, Civic Centre, ViTCC, Cwrt Mytton etc.);
 - Leisure Trust Premises (Sports Centres, Libraries, Bryn Bach Park, Bedwellty House and Park); and
 - Willowtown Primary School.

- 2.6. Technologies installed during this phase included Solar Photovoltaic (PV) panels, LED lighting, boilers, Combined Heat and Power (CHP) Unit and Building Management System (BMS).

Phase 1b

- 2.7. Schools considered as part of phase 1b of the RE:FIT Project included: Abertillery Comprehensive, Abertillery Roseheyworth Primary Campus, Swffryd Primary, Canolfan Yr Afon, Brynmawr Foundation School, Cwm Primary and Tredegar Comprehensive.
- 2.8. Due to the devolved nature of the education budgets agreement was needed between the Council and each school to agree loan repayment. Although projects were required to pay back within 8 years, the option to repay the costs for the project over 10 years was made available. This option was presented to schools for consideration.
- 2.9. The works contract between the Council and preferred supplier (Matrix Solutions Ltd, part of E.ON) was signed on 14th October 2019. After discussions with all of the schools identified in 2.6, two decided to proceed with project delivery.
- 2.10. Abertillery Comprehensive School and Roseheyworth Primary School have received new LED lighting. Works commenced in late 2020 and final sign off is expected in February 2021.

Phase 1c

- 2.11. This phase included the installation of Solar PV at Ebbw Vale Sports Centre and the installation of Variable Speed Drives (VSDs) at Ebbw Vale Learning Action Centre. All works under this phase were completed during 2020 and are operational.

Phase 1d

- 2.12. An initial phase 1d programme of street lighting replacement was confirmed for 4,490 non LED street lighting lanterns. These works also included replacement of existing nodes with Telensa nodes to enable the street lighting stock to be transitioned and managed from one management system instead of multiple management systems being in place.
- 2.13. Previously street lighting across the Borough was operated using three different management systems: Telensa, Mayflower and Leafnut. Of these systems Mayflower is now considered to be an obsolete system and is no longer supported by a management company. In the event of failure of the Mayflower system, the Council would have to find the budget to transition the nodes on the lighting system in order for it to operate correctly.
- 2.14. Due to the functionality of a node, there is no realisable saving from their replacement. We are therefore relying upon the potential savings from the

replacement of the lanterns to LED to generate the savings required to achieve the required payback.

- 2.15. As a result of underspends elsewhere within the project it was possible to include a further 1600 non LED lanterns in the programme for replacement. Works are expected to start in February 2021 and be completed in March 2021.

Phase 1f

- 2.16. Current lighting levels and configuration within the pool hall of the Ebbw Vale Sports Centre building are in need of replacement. Technical Services provided a proposal to replace the existing lighting with updated LED lighting together with a new design that will make cleaning and maintenance easier. Works started in January 2021 and are due to be completed in February 2021.

Phase 1g

- 2.17. Pool covers at Sports Centre Pools help pools to retain water temperatures. This phase will install motorised pool covers on a number of the pools across Blaenau Gwent in conjunction with Aneurin Leisure Trust. This will help to costs associated with heating water in pools.
- 2.18. It is currently envisaged that works across all phases will be completed by the 31st March 2021. At this point the project will move into the Measurement and Verification (M&V) Phase.

3. Options for Recommendation

- 3.1. There are no options to be considered as part of this report. Regeneration Scrutiny Committee are asked to note the progress of the project and further report on performance will be provided in the future.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

- 4.1. Generation of renewable energy in Wales is supported and encouraged through legislation as follows:

Welsh Government Energy Policy Statement 'A Low Carbon Revolution' (2010) - Notes the potential involvement of WG in encouraging renewable energy industries in order to both reduce greenhouse gas emissions and promote sustainable economic growth.

Well-Being of Future Generations (Wales) Act 2015

- 4.2. Welsh Government 'Well-being of Future Generations (Wales) Act' 2015 – Large scale renewable energy is directly aligned with:

'A prosperous Wales' goal, striving towards creating an innovative, productive and low carbon society, which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

- 4.3. There is also a direct link to the well-being goal for 'A globally responsible Wales' in tackling climate change. The Act encourages long term generational thinking by public bodies to improve the economic, social, environmental and cultural well-being of Wales.

Blaenau Gwent County Borough Council Corporate Plan Refresh 2020-2022

- 4.4. This topic supports the achievement of the Council's Corporate Plan Refresh 2020-2022 in the following areas:

- To create strong and environmentally smart communities we are taking a strategic approach to the management of our land in different ways;
- To be a carbon neutral Council by 2030;
- To develop a portfolio of potential energy opportunities to deliver economic, business and community benefits; and
- To develop a more commercial organisation to generate income and deliver cost reductions to make local services sustainable and raise money to re-invest in our priorities.

Blaenau Gwent Local Development Plan

- 4.5. In Blaenau Gwent generation of renewable energy development is supported within the LDP under LDP Strategic Policy 7 – Climate Change, which seeks to address the cause of climate change through 'encouraging more of the County Borough's electricity and heat requirements to be generated by renewable and low/zero carbon technologies'.
- 4.6. Development Management Policy 4 – Low and Zero Carbon Energy, also encourages major development proposals to incorporate schemes which generate energy from renewable sources.

Blaenau Gwent Energy Prospectus 2019

- 4.7. The project is one of a number identified within the Energy Prospectus endorsed by the Council's Regeneration Scrutiny and Executive Committees.

Blaenau Gwent Decarbonisation Plan, 2020-2030

- 4.8. This project will also work towards addressing some of the key challenges identified within the Council's decarbonisation plan 2020-2030. For the Council to become carbon neutral by 2030 we will have to exploit local opportunities for renewable generation and using energy differently.

5. Implications Against Each Option

Impact on Budget

- 5.1. This programme is being heavily subsidised through the Welsh Government, who have received funding support from ELENA, (European Local Energy Assistance) a European funding stream to bridge the gap between sustainable energy plans and real investment through supporting all activities necessary to prepare and mobilise investment into sustainable energy projects.
- 5.2. Participation in the RE:FIT programme shall be limited to a single capital payment of £10,000 assuming that a RE:FIT project is progressed. Such costs can be capitalised into any overall project funding proposals that are prepared as part of the business cases for this project.
- 5.3. RE:FIT provides a solution which delivers a comprehensive retrofit of energy efficiency and renewable generation solutions across the organisation's assets. It has the potential to deliver significant savings to energy bills (typically range in the order of 15%) or agreed kWh outputs with renewables, dependent on the building's condition, solutions provided and also the project's business objectives/ rules.
- 5.4. The Welsh Government's 'Invest to Save' interest free loan for energy efficiency improvements was available during the development stage of the project and an Expression of Interest was submitted seeking support for a project with an approximate value of £2m - £2.5m. To be eligible for the loan the project portfolio must have an overall payback that is eight years or less and cost no more than £200 to save a tonne of carbon dioxide over the expected lifetime of the project.
- 5.5. All savings achieved by the RE:FIT project are retained by the Council and if there is failure to meet the savings target by the Service Provider, the RE:FIT contract protects the council, with the supplier responsible for funding the difference between the guaranteed and actual saving.
- 5.6. After completion of the tender process and preparation of high level assessments it became clear that further budget would be required for the Project so additional funding was sought from Salix / Invest to Save.
- 5.7. Salix/Invest to Save agreed 'in principle' to fund projects up to a total value of £4.1m but detailed business cases would be required to secure the investment to proceed towards project delivery.
- 5.8. The Welsh Government allocation of Salix funding for Blaenau Gwent CBC has been separated into four phases:
 - Phase 1a – Corporate Landlord Buildings, Leisure Trust Premises and Willowtown Primary School. Total value £1,122,690 and approx. £144,712.09 annual energy savings

- Phase 1b – Schools which may* include Abertillery Comprehensive, Abertillery Roseheyworth Primary Campus, Swffryd Primary, Canolfan Yr Afan, Brynmawr Foundation School, Cwm Primary and Tredegar Comprehensive. Total value £271,328 and approx. £29,878 annual energy savings.
- Phase 1c – Ebbw Vale Sports Centre, Abertillery Leisure Centre, Ebbw Vale Learning Action Centre, Silent Valley and Coed y Garn Primary. Total value £351,511 and approx. £36,023 annual energy savings.
- Phase 1d – Street lighting at total value £2,638,846.12 and approx. £374,285 annual energy savings.
- Phase 1f – Ebbw Vale Sports Centre replacement of pool hall lighting. Total value £51,208.98 and approx. £6,444 annual energy savings
- Phase 1g – Sports Centres Motorised Pool Covers installation. Total value £45,055 and approx. £14,606 annual energy savings

*due to the devolved nature of education budgets, each school's Governing Body will be responsible for determining the School's commitment to this Project.

- 5.9. Whilst there will be annual energy savings those identified in section 5.8 are gross energy savings. The savings will be used to make the bi-annual repayments of the loan to Salix. In order to realise in-year savings, the loan repayments will be extended from 8 years to 10 years and this will allow buildings to benefit from some of the savings generated from participating in the project. Once repayment is complete all buildings will benefit from all the savings.
- 5.10. Once the project is closed, a further report presenting the final position of the project, annual repayment and net savings to the buildings.

Risk including Mitigating Actions

- 5.11. There is a risk that the energy efficiency measured do not achieve the energy savings estimated at the time of developing the investment grade proposal. The impact of this risk is mitigated through the use of the performance contract used for this project. In the event energy savings (kWh) do not achieve the estimated level, the contractor shall be required to compensate the Council for savings not achieved.
- 5.12. Risks associated with the management of the works to deliver the project have been managed throughout the project in conjunction with the Contractor. They will continue to be monitored for the remainder of the works phase and in the ongoing contract management phase.

Legal

- 5.13. We are being advised by Technical Services Legal Officer on the Contract of Works terms and conditions. Legal support is also available through the Welsh Government Energy Service (formerly RE:FIT Cymru).
- 5.14. As delivery body of the project the Council has entered into the loan agreement with Salix / Invest to Save (Welsh Government). The Council will ensure that where budgets are outside Council control i.e. Schools and Aneurin Leisure Trust, partnership agreements will be entered into. This will ensure that agreements are in place to require repayments to be made in line with loan repayment requirements.

Human Resources

- 5.15. Project management of the RE:FIT project has been undertaken by Regeneration. Significant support has also been provided from Welsh Government Energy Service (Formerly RE:FIT Cymru) throughout the process. This has included quantifying the potential energy savings and initial scoping, identifying funding options, legal support, procurement support through to monitoring of Asset performance.

6. Supporting Evidence

Performance Information and Data

- 6.1. Potential KWh and Carbon reduction savings can be calculated and costed using the data provided on the chosen buildings and assets.
- 6.2. For each phase of works contract the Suppliers are required to ensure that the energy savings are monitored, quantified and verified through robust Measurement and Verification in order to assess and report on the savings performance. This will enable the Council to assess overall performance against the agreed Contract and enforce financial penalties in the event that the actual savings do not match those as guaranteed within their tenders and the preferred contractors investment grade proposal.

Expected outcome for the public

- 6.3. Re:Fit will deliver more efficiently managed energy within Council properties and reduce energy costs to the Council, Leisure Trust and Schools in forthcoming years. Re:Fit will increase public awareness about the overall health benefits of carbon reduction and energy efficiency, particularly amongst pupils in the participating schools.

Involvement (consultation, engagement, participation)

- 6.4. There has been ongoing dialogue with the Education Department and selected School Head Teachers and meetings held to discuss the proposed technical solutions.

- 6.5. The Team met with Head Teachers / Business Managers / School Governors from Abertillery Comprehensive, Abertillery Roseheyworth Primary Campus, Swffryd Primary, Canolfan Yr Afon, Brynmawr Foundation, Cwm Primary and Tredegar Comprehensive.
- 6.6. A number of leisure buildings under the control of Aneurin Leisure Trust were included in the project. Consultation and engagement with the Trust ensured that energy efficiency measures installed offer the greatest benefit to the buildings operated by the Trust on behalf of Blaenau Gwent.

Thinking for the Long term (forward planning)

- 6.7. Energy costs have risen in recent years and it is expected that they will continue to rise in the future.
- 6.8. Re:Fit delivers energy, cost and carbon savings to the Council and therefore positively contributes to overall economic, social and environmental wellbeing in line with Future Generations legislation.

Collaboration / partnership working

- 6.9. Elements of the project have required collaboration and partnership working in order to ensure successful project delivery. The team has worked closely with Aneurin Leisure Trust to investigate and deliver energy efficiency measures across Leisure Trust Buildings. This will support the Leisure Trust financially and ensure that they are able to continue to provide invaluable services to the Communities of Blaenau Gwent.

Integration(across service areas)

- 6.10. Delivery of the project has required there to be significant integration across service areas. Officers from Regeneration have worked extremely closely with Community Services, Education, Social Services, Finance and Planning to ensure technologies and project design meet Council needs.

7. Monitoring Arrangements

- 7.1. Delivery against the works contract is monitored by Technical Services via the Clerk of Works and Regeneration from a project / contract management perspective.

Background Documents /Electronic Links

N/A