

NOTICE OF MEETING

Cabinet Procurement Committee

THURSDAY, 17TH NOVEMBER, 2011 at 18:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, LONDON N22 8LE.

MEMBERS: Councillors Goldberg (Chair), Bevan, Kober and Reith

AGENDA

7. INSTALLATION OF SOLAR PANELS ON COUNCIL BUILDINGS USING THE SOLAR PV INSTALLATION AND MANAGEMENT FRAMEWORK AND SOLAR PV COMPONENTS FRAMEWORK LET BY BIRMINGHAM CITY COUNCIL (PAGES 1 - 20)

(Report of Director of Place and Sustainability): to seek approval for the award of contract for the design and installation of solar photovoltaic arrays under the solar PV installation and management framework and solar PV components framework led by Birmingham City Council.

10. EXCLUSION OF THE PRESS AND PUBLIC

The following item is likely to be the subject of a motion to exclude the press and public as they contain exempt information which either relates to the business or financial affairs of any particular person (including the Authority holding that information) or the amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods and services.

Note by the Head of Local Democracy and Member Services

Item 12 allows for the consideration of exempt information in relation to item 7 which appears earlier on the agenda.

12. INSTALLATION OF SOLAR PANELS ON COUNCIL BUILDINGS USING THE SOLAR PV INSTALLATION AND MANAGEMENT FRAMEWORK AND SOLAR PV COMPONENTS FRAMEWORK LET BY BIRMINGHAM CITY COUNCIL (PAGES 21 - 24)

(Report of Director of Place and Sustainability): to seek approval for the award of contract for the design and installation of solar photovoltaic arrays under the solar PV installation and management framework and solar PV components framework led by Birmingham City Council.

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15 November 2011



Haringey Council

URGENT BUSINESS SHEET

Report Title: Installation of Solar Panels on Council Buildings using the Solar PV installation and management framework and Solar PV components framework let by Birmingham City Council.

Committee/Sub etc: Cabinet Procurement Committee

Date: 17th November 2011

The report is late because

The announcement by the Department for Energy and Climate Change (DECC) concerning Feed-in-Tariff rate changes necessitated amendments to the report prior to submission. More information is available from the DECC website.

The report is too urgent to await the next meeting because

If the implementation date (12th December 2011) for the change in Feed-in-Tariff rates is postponed due to consultation responses, Haringey Council will need to be primed to deliver the programme within very tight timescales. Delaying the report will impact upon delivery within those timescales.

The Head of Local Democracy & Member Services concurs with the admission of this item.


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Haringey Council

Report for:	Cabinet Procurement Committee 17 th November 2011	Item number	
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Title:	Installation of Solar Panels on Council Buildings using the Solar PV installation and management framework and Solar PV components framework let by Birmingham City Council.
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Report authorised by :	Lyn Gamer, Director of Place and Sustainability
Signed:	 15. 11. 11

Lead Officer:	Ben Brown Sustainable Business Manager Ben.brown@haringey.gov.uk 020 8489 2132
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Ward(s) affected:	Report for Key/Non Key Decision:
All	Key Decision

1. Describe the issue under consideration

- 1.1 To update Cabinet Procurement Committee on the implementation of the procurement strategy agreed by Cabinet for the use of the Management, supply and installation of energy efficiency and renewable energy and heat measures, and Supply of solar photovoltaic system components frameworks let by Buy for Good Community Interest Company on behalf of Birmingham City Council, for the design and installation of solar photovoltaic arrays.
- 1.2 The installation works will take place at prime locations around the borough (see Appendix D (Exempt Information) for the list of sites identified – note that acceptance of the design and install offer is being sought from schools), based on a desktop survey by specialist energy conservation consultancy Camco.
- 1.3 The programme will be funded by prudential borrowing, up to a maximum of £8.5m. The programme will be concluded when the maximum funding limit is reached. This will affect the total number of installations achieved, but should not adversely affect the financial margins of the programme, as Haringey will prioritise installations with the most favourable financial yield.
- 1.4 The recent government announcement that Feed-in-Tariffs will reduce by 55% from the 12th December 2011 has meant it is necessary to place a hiatus on installations as the annual repayments for the cost of installation will exceed revenue generated. However, having a framework in place will ensure that, when the market realigns with the new tariffs, the Council can take advantage of available capacity and be amongst the pioneering organisations when solar installations become viable again.
- 1.5 It should be noted that using a framework agreement does not obligate the Council to commit to a programme of works within a set timescale. It will ensure that we are able to call off works as and when required, until the framework expires.

2. Cabinet Member Introduction

- 2.1 I welcome this report as it enables us to address several different challenges facing the Council at the same time.
- 2.2 The investment being proposed will help to achieve the Council's 40% CO2 reduction for 2015 (for Council buildings), will create an income stream that can be used to finance work at a borough wide level to achieve the 40% CO2 reduction target and also has the potential to deliver economic regeneration in the borough.
- 2.3 In the long term it is likely that the Council will need to install solar panels where viable in order to protect itself from rising fuel prices and reduce the amount it is liable to pay under the Government's Carbon Reduction Commitment which is now effectively a plain tax.
- 2.4 Due to the poorly timed and ill conceived decision by Government to slash feed-in-tariffs by over 50% from the 12th December 2011, investment in solar panels is no longer viable in the immediate future, undermining months of hard work by this Council to provide a solution that alleviates fuel poverty, creates local jobs and generates revenue to support front line services. However, the Council retains the longer term

strategic view that this procurement strategy will ensure that the Council is well placed to resume the programme when the market adjusts to once again deliver the margins that are outlined in this report. The speed at which we re-engage with the market is likely to prove critical to installation, as in all likelihood, government will again look to cut subsidies and create the boom bust cycle they claim they wish to avoid.

3. Recommendations

- 3.1 That Cabinet Procurement Committee notes the intended use of the Management, supply and installation of energy efficiency and renewable energy and heat measures framework, let by Buy For Good Community Interest Company on behalf of Birmingham City Council, for the installation of solar photovoltaic arrays for any number and combination of the sites listed in Appendix D (Exempt Information).
- 3.2 That Cabinet Procurement Committee notes the intended use of mini-competition through the Supply of solar photovoltaic system components framework, let by Buy For Good Community Interest Company on behalf of Birmingham City Council, for the purchase of solar panels and associated equipment for any number and combination of the sites listed in Appendix D (Exempt Information).
- 3.3 That Cabinet Procurement Committee notes each call off will constitute an individual contract, and that each contract will be submitted for award by the Director of Place and Sustainability, following budgetary approval from the Section 151 Officer in consultation with the Cabinet Member for Finance and Carbon Reduction, on recommendation from an investment board, set up to assess the financial viability of the installation.

4. Other options considered

- 4.1 Camco – a leading environmental consultancy – undertook a comprehensive study which provides several options of available delivery models.
 - 4.1.1 **PV for Free.** This solution is supplier led, with the supplier responsible for survey, install and maintenance of all arrays. The supplier retains all FiT revenue. This has been discounted as the Council will only receive free energy and hence no revenue generation.
 - 4.1.2 **Roof Rental.** This solution is also supplier led, but with the supplier providing the Council with a small stipend per annum for the privilege of using Council assets to locate installations. The income is based on the maximum energy generation potential.
 - 4.1.3 **Special Purpose Vehicle (SPV).** This requires the set up or identification of a legal entity separate to the Council to manage the installation and absorb risks on the Council's behalf. Whilst the Council would share in the FiT benefit, the lead in time to implement this solution would fall outside of the window within which FiT values are guaranteed. As a result this has also been discounted, although could be revisited in the longer term.

- 4.1.4 **Contracting.** In this instance, the Council would contract with an organisation who would install PV arrays at a fixed cost. Ownership would lie with the Council, meaning maintenance arrangements would need to be considered. However, the Council would receive maximum FiT and free energy, as well as having the option to export all surplus energy to the grid, raising further revenue.
- 4.1.5 **In House.** This route would require the Council to undertake the install utilising existing internal specialists. Whilst the Council would receive maximum FiT, free energy and the option to export all surplus energy to the grid, the lack of expertise within the Council means that this is not feasible and is hence discounted.
- 4.2 Due to the issues with the PV for Free, SPV and In House options, the two most viable solutions to the Council are Roof Rental and Contracting.
- 4.3 The Council is currently pursuing the Roof Rental option for social housing sites, where the potential of vandalism and theft of panels is greater, and hence it is beneficial that this avenue enables the Council to transfer this risk to the supplier.
- 4.4 The Contracting model on corporate and school buildings will provide the greatest financial return and enable the Council to be more flexible with the installation, removal and replacement of panels, according to changes in the portfolio. This is particularly important for the corporate portfolio, where estate rationalisation continues to be considered as a contribution to savings targets resultant of the 2011 Comprehensive Spending Review. The Council will also have the opportunity to novate service terms to new building occupiers if required to retain the full FiT.
- 4.5 The pros and cons of each model are discussed in Appendix A.

5. Background information

- 5.1 In support of organisations and individuals' desire to reduce carbon emissions whilst improving their financial situation, in April 2010 the government introduced Feed-in-Tariffs (FiTs). This scheme provides financial incentives for parties interested in generating their own electricity through micro-generation options such as small scale solar arrays.
- 5.2 On the 19th July 2011, Cabinet approved the adoption of a Solar PV installation programme, to contribute to the Council's carbon reduction targets and generate revenue to support frontline services. An optimal combination of the contracting and roof rental solutions, both in terms of income and risk, would be employed, enabling the Council to meet its political objectives within tight timescales, whilst also ensuring risks were minimised.
- 5.3 Cabinet approved the use of a contracting model for all properties out of which the Council operates, including schools, granting access to a maximum loan of £8,658,000 through prudential borrowing to generate income of up to £162k per annum allocated to the Council's general fund, and cost avoidance of circa £155k per annum in energy, spread across the Council and schools. The Solar Photovoltaic Programme will be included in the Council's Capital programme 2011/12 for a sum of up to £8.658m.

- 5.4 Cabinet approved the use of existing OJEU compliant supply agreements and supply chains, let by Buy for Good Community Interest Company on behalf of Birmingham City Council and within which Haringey Council is in the class of public bodies (local authorities) named as able to access the agreements.
- 5.5 Cabinet authorised the creation of an investment board to critically review the financial projects of installations on a case-by-case basis, and nominated the Cabinet Member for Finance and Carbon Reduction with delegated authority to approve recommendations made by the investment board. The Governance arrangements are listed in Appendix B.
- 5.6 Buy For Good (BFG) working in partnership with Birmingham City Council's 'Birmingham Energy Savers (BES)' team has awarded framework contracts for the supply and install of PV to Birmingham's homes and businesses. These framework contracts are available for other Contracting Authorities to access.
- 5.7 BFG has awarded two framework contracts; one for Solar PV installation and management and one for Solar PV components.
- 5.8 For the Solar PV installation and management framework (up to a value of £35m), BFG have selected a sole delivery partner, who will undertake and manage the total installation exercise including suitability surveys (via a drive by survey process), customer engagement (via letter, phone call and door-to-door calling), sign up (including tenant / householder of a legal agreement to safeguard the investment for 25 years), technical survey, installation and after care. Furthermore, they have developed a flexible and innovative use of different scaffolding which makes installation efficient and at a price below average market rates.
- 5.9 The evaluation of tenders for the Management, supply and installation of energy efficiency and renewable energy and heat measures framework contract employed a 20% weighting on jobs and skills and there are targeted recruitment and training clauses within the terms and conditions of the framework contract. The provider will look to engage with local colleges for the opportunity to provide work placements for the duration of the contract.
- 5.10 For the Solar PV components framework (up to a value of £20m), BFG have appointed a number of suppliers who could all meet BFG's quality requirements and who were prepared to engage in regular mini-competitions so that they could ensure availability of the most innovative products and secure the best possible value for money in a highly dynamic market place. BFG identified 12 different suppliers, some of whom can provide all the components and some who can deliver specific components such as remote metering, according to their specialism.
- 5.11 To call off the Solar PV components framework, the Council will need to run a mini competition according to our requirements. The requirements will be derived from technical surveys completed by the provider. The Management, supply and installation of energy efficiency and renewable energy and heat measures framework provides the opportunity to use the provider to act as an agent to conduct mini competitions on the Council's behalf. This would prove beneficial as the provider has the technical expertise to accurately specify requirements and as such, the Council will authorise the provider to undertake the mini-competitions on our behalf.

6. Comments of the Chief Financial Officer and Financial Implications

- 6.1 The capital cost of the contracting option would be a maximum of £8.658m which would need to be funded through Prudential Borrowing. It is likely that the final spend will be a much lower figure as the list of applicable buildings is reviewed against the Accommodation Strategy.
- 6.2 Savings have been calculated based on borrowing being paid back over a 25 year period based on the current Public Works Loan Board borrowing rate.
- 6.3 Savings can be achieved in three ways:
- 6.3.1 Feed-In Tariff payments received once Solar PV is installed under the Contracting option;
 - 6.3.2 Energy Cost Savings where Solar PV reduces the Councils dependence on the National Grid; and
 - 6.3.3 Carbon Reduction Commitment (CRC) savings, although this is not currently agreed with the Department of Energy and Climate Change.
- 6.4 It is assumed that the level of savings achievable will be as follows:
- 6.4.1 Feed-In Tariff income up to a maximum of £162,000 above the cost of borrowing, this is based on a £8.6m capital spend – so the income will reduce if less capital is spent. Schemes would only proceed where the individual building generates an income level that clearly exceeds the cost of borrowing. The sum received would be expected to remain fixed providing installation is complete before April 2012;
 - 6.4.2 Energy Savings are estimated to amount to around £270,000 per annum. Again this figure may reduce if less capital is spent and fewer buildings are fitted with Solar PV. However, with energy prices generally expected to rise over time the energy savings can be expected to increase over time;
 - 6.4.3 Further savings can be expected to be made related to the Carbon Reduction Commitment Energy Efficiency Scheme where organisations are required to buy allowances from the Government to cover their Carbon Emissions. Reducing Carbon Emissions will reduce the funding required here. Although the saving is relatively small at this stage, it is likely to increase over the 25 year life of the Solar PV.
- 6.5 Any savings expected to be achieved need to be seen in context of the associated risks of the project, which primarily relate to changes in Government policy, maintenance costs and certainty of Council tenure / ownership. Although Government policy regarding the level of FIT payments could change, it is unlikely that this will happen providing installation is completed prior to April 2012.
- 6.6 The risk around maintenance cost can be mitigated by ensuring that only projects where the expected return significantly exceeds the cost of borrowing are approved. The final risk is around the Council deciding it no longer needs to utilise a building over

the course of the 25 year payback period. This risk can be mitigated by both novating the income from FIT's in any sale agreement of existing property assets and by including Property services in any approval process to ensure that Solar PV is not installed on buildings that may be part of Regeneration aspirations and thus could be demolished.

- 6.7 It is also worth noting that the expected rise in Energy Costs is likely to make the case for Solar PV more compelling in years to come and hence Capital spend may well be incurred even if this project does not proceed.

7. Head of Legal Services and Legal Implications

- 7.1 The Head of Legal Services notes the contents and recommendations of the report to Cabinet.
- 7.2 The recommendations in paragraphs 3.1 and 3.2 of the report are an implementation of the Solar PV installation programme and procurement strategy approved by Members in Cabinet on 19th July 2011. In particular, the intended use of the frameworks let on behalf of Birmingham City Council was part of that approval.
- 7.3 The intended use of the two above frameworks involves calling off individual contracts respectively for the supply of components and for provision of installation and management services in relation to each solar panel installation.
- 7.4 The contract values involved for each installation, set out in paragraph 4 of Appendix D (Exempt Information) are below the threshold of £250,000 under which a Director may award contracts. As a result, the Director has power under Contract Standing Order 9.07(c) to approve those contract awards, without further approval from Members, whenever installations are able to proceed.
- 7.5 The Head of Legal Services should be consulted on this initiative as it progresses.

8. Equalities and Community Cohesion Comments

- 8.1 The implementation of a solar photovoltaic programme will help the Council to address inequalities in the borough, both in terms of fuel poverty, where council tenants will receive cost reductions to their utilities service charge, and unemployment, where the Council will use the contracts associated with the programme to generate local apprenticeships and employment opportunities. The Equalities Impact Assessment is found in Appendix C.

9. Head of Procurement Comments

- 9.2 In order to reduce the timescales for a compliant OJEU process, the Council has identified and acceded to an existing call-off contract opportunity, run on behalf of all local authorities by Birmingham City Council. Whilst the Council is not obliged to purchase through the framework, the pricing of the solution is substantially below average market rates and represents a favourable option, both in terms of resource and supply costs.

- 9.3 With the Government review of Feed-in-Tariffs and the likely reduced benefits from April 2012, it is in the Councils overall best interests to use the BFG frameworks through which to procure the Solar PV programme.
- 9.4 It is also worth noting that because of the potential changes (that are expected to be adverse) to the FIT scheme, many potential customers (public and private sectors) are scrambling to complete their installations before April 2012 and thus market capacity is exponentially reducing. If the Council fails to confirm a contract with the preferred contractors, quickly, there is an increasing possibility that the opportunity will be lost.

10. Policy Implications

- 10.1 This programme delivers against the 'Environmentally Sustainable Future' objective of the HSP's Sustainable Community Strategy by providing green energy to reduce carbon emissions in the borough.
- 10.2 This programme delivers against the 'Economic vitality and prosperity shared by all' objective of the HSP's Sustainable Community Strategy by providing opportunities for apprenticeships in the installation and maintenance of the solar panels.
- 10.3 This programme supports implementation of the two delivery vehicles that sit under the Sustainable Community Strategy – the Council's 40:20 ambition and the Council's Carbon Management Plan – strategies to deliver carbon reduction in the borough as a whole, and within the Council respectively.
- 10.4 With respect to the use of resources, the contract will deliver against the following themes:
- 10.4.1 Value for Money – installation of the solar PV arrays is expected to deliver Feed-In Tariff income up to a maximum of £162,000 per annum above the cost of borrowing, and a reduction in energy spend equivalent to around £270,000 per annum. The revenue income and cost avoidance will help the Council by ensuring there will be additional revenue in the general account to support front line services. This will enable the Council to deliver benefits to clients beyond the immediate strategic impact of carbon and energy consumption reduction.
 - 10.4.2 Property Assets – as solar PV is situated on Council buildings, the Council will be maximising the benefit of the assets, by utilising hitherto vacant space.

11. Use of Appendices

- 11.1 Appendix A – Pros and Cons of the Contracting and Rent-a-Roof Installation Options for Solar PV.
- 11.2 Appendix B – Governance Arrangements for the Solar PV Programme.
- 11.3 Appendix C – Equality Impact Assessment.
- 11.4 Appendix D – Exempt Information under Section 3, Schedule 12A of the 1972 Local Government Act

12. Local Government (Access to Information) Act 1985

12.1 Background papers:

12.1.1 Solar Renewable Potential North London Report – Work Stream 1: Opportunity Mapping

12.1.2 Solar Renewable Potential North London Report – Work Stream 2: Market testing – analysis of finance and delivery options

12.1.3 Solar Renewable Potential North London Report – Work Stream 3: Evaluation

12.2 This report contains exempt and non-exempt information. The exempt information is set out in Appendix d and is not for publication. The information is exempt under the following category (identified in amended schedule 12A of the Local Government Act 1972):

- (3) Information relating to the financial or business affairs of any particular person including the authority holding that information.

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Appendix A – Pros and Cons of the Contracting and Rent-a-Roof Installation Options for Solar PV.

	Contracting Model	Roof Rental Model
Procurement Options	<p>Birmingham City Council commissioned Buy for Good to undertake an OJEU compliant tender on behalf of all local authorities.</p> <p>Pros:</p> <ul style="list-style-type: none"> ▶ The contract can fully manage and deliver a fully installed 1.9kW solar PV system at a cost just under £5,100. This is substantially lower than average market rates. ▶ As an existing framework, this model is available for utilisation immediately. <p>Cons:</p> <ul style="list-style-type: none"> ▶ The Council will be required to fund the works, meaning a large initial capital outlay, with recourse to borrowing mechanisms likely. 	<p>Energy suppliers such as Eon offer schemes. Legal opinion is that OJEU does not apply, although a tender process would prove prudent to ensure best value.</p> <p>Pros:</p> <ul style="list-style-type: none"> ▶ The Council does not have to consider any capital outlay to fund the installations. <p>Cons:</p> <ul style="list-style-type: none"> ▶ N/A.
Feed Tariff	<p>Pros:</p> <ul style="list-style-type: none"> ▶ The Council will have access to the full FIT from any installation undertaken under this model. <p>Cons:</p> <ul style="list-style-type: none"> ▶ Revenue generation will be diminished by annuity resultant of any borrowing. 	<p>Pros:</p> <ul style="list-style-type: none"> ▶ N/A <p>Cons:</p> <ul style="list-style-type: none"> ▶ The supplier will take all FIT generation to cover the cost of capital investment, significantly reducing the financial benefit to the Council.
Other Revenue Factors	<p>Pros:</p> <ul style="list-style-type: none"> ▶ Council has the opportunity export surplus electricity to the grid at 3p/kWh ▶ Where installations are on properties at which the Council is the occupier, electricity generation will reduce the Council's dependency on the grid, thus reducing costs to the Council by 8p per kWh generated. ▶ Where installations are on operational and commercial properties, generation will offset CRC costs. For every 1,848kWhs generated, the Council will reduce its CRC liability by £14. <p>Cons:</p> <ul style="list-style-type: none"> ▶ Council will have to consider insurance costs of both buildings and PV equipment. ▶ Whilst Solar PV requires minimal maintenance, the Council should budget for an annual clean and assessment of panel condition, as well as replacement of inverters and other electrical components. 	<p>Pros:</p> <ul style="list-style-type: none"> ▶ Council will receive a fixed income of circa £25-£35 per annum, per kW capacity. ▶ Where installations are on properties at which the Council is the occupier, electricity generation will reduce the Council's dependency on the grid, thus reducing costs to the Council by 8p per kWh generated. ▶ Where installations are on operational and commercial properties, generation will offset CRC costs. For every 1,848kWhs generated, the Council will reduce its CRC liability by £14. ▶ Costs of insurance for equipment are covered by the supplier and damage to the roof as a result of installation is covered by suppliers' indemnity. ▶ All maintenance will be the responsibility of the supplier. <p>Cons:</p> <ul style="list-style-type: none"> ▶ N/A

Appendix B – Governance Arrangements for the Solar PV Programme.

C.1 The Solar PV programme will be governed by two boards.

C.1.1 The first board is the Investment Board, which will be responsible for endorsing the suitability of each project, and will evaluate the financial, relational and operational impacts of each installation. The board will be comprised of Council officers who can provide the relevant technical specialisms to accurately assess these issues.

C.1.2 The second board will be the Programme Board, which will oversee the programme of installations agreed by the Investment Board. The Programme Board will comprise stakeholders from the key client functions (i.e. Adults and Housing, CYPS, Place and Sustainability, Homes for Haringey and Corporate Resources). Board members will have sufficient authority to tackle barriers to implementation so as to ensure the critical path of the programme is not compromised.

C.2 The anticipated process is as follows:

C.2.1 Camco, the consultant on the Solar PV feasibility study has provided a long list of sites that appear suitable for solar PV installation using a desk based appraisal which takes into account roof orientation, shading, planning constraints, roof space etc.

C.2.2 The installer undertakes a site survey at all proposed sites to determine the actual potential for each site in terms of energy generating capacity.

C.2.3 The installer provides reports to the Council for each site, which contains generating potential.

C.2.4 The Energy Management Unit inserts the figures into the business case calculator, which adds the costs of prudential borrowing, additional capital and life cycle costs over a 25 year period, using net present value calculations to demonstrate the relative value over the period.

C.2.5 The business case is taken to the investment board, who check the figures (+1% yield per annum is the preferred income requirement) and augment recommendations with additional factors based on the expertise of each board member. This will include, but not be limited to, asset management strategies, relationship management and strategic prioritisation.

C.2.6 Once the board has endorsed the projects, they will be submitted with commentary to the Cabinet Member for Finance and Carbon Reduction for approval.

C.2.7 When approved, the sites are added to the contract with the installer by addendum, and they are scheduled into the work programme.

C.2.8 When undertaking the work programme, the installer will fill out a fortnightly programme highlight report, which will indicate progress and highlight risks and issues. This will be submitted to the Programme Board, who will ensure mitigation actions are undertaken to remove risks and issues from the programme, to ensure the installation schedule remains on target.

Appendix C – Equality Impact Assessment.

HARINGEY COUNCIL

EQUALITY IMPACT ASSESSMENT FORM

Service: Central Procurement Unit

Directorate: Corporate Resources

Title of Proposal: Contracting Model – Solar PV Programme

Lead Officer (author of the proposal): Ben Brown

Names of other Officers involved: Jessica Sherlock, Kamar Zaman, Matthew Gaynor, Maggie Shields, Jon McGrath, Steve Barns, Malcolm Greaves

Step 1 - Identify the aims of the policy, service or function

- 1.1 Installing solar PV on school and Council buildings will have the following effect:
- ▶ A reduction in dependency on grid electricity, thus offsetting the Council energy budget up to a maximum of 270,000 per annum.
 - ▶ Creation of a revenue stream which will be used to support frontline services where cuts in grant funding have reduced the service scope.
 - ▶ A reduction in Council emissions, which will contribute to the target of a 40% carbon reduction, relative to 2006/7 levels, by 2014/15.
- 1.2 It will benefit:
- ▶ The environment, and hence have a positive effect on air quality and the local environment.
 - ▶ Service users, who will benefit from increased financial provision from revenue generation.
 - ▶ Borough residents, who will receive greater value for their Council tax, as money is diverted from utilities overheads into other areas.
 - ▶ Pupils at affected schools, who will have the opportunity to learn about the impact of solar PV on climate change.

Step 2 - Consideration of available data, research and information

2.1 Haringey is one of London's 32 boroughs. It is located in the north of the capital and more than 11 square miles in area. Nearly half of its 224,700 people come from ethnic minority backgrounds. According to the 2001 Census the largest groups are:

- ▶ Caribbean - 11%
- ▶ African - 10%
- ▶ Asian (Indian, Pakistani and Bangladeshi) - 8%
- ▶ Eastern European, Turkish and Kurdish - 5%
- ▶ Irish - 4%

2.2 This diversity is reflected in the fact that almost half of all pupils in Haringey schools speak English as an additional language, and in 2008, between them reported the use of over 160 languages at home.

2.3 It's often said that Haringey is an outer London borough with inner London challenges. It ranks as one of the most deprived boroughs in the country with 6.6 per cent of the economically active (i.e. those working or actively seeking work) population unemployed in December 2008. This is more than the Great Britain average of 4.1 per cent.

2.4 The populations that will be affected by the solar PV installations are those that a) use Council services which will receive revenue funding as a result of the programme and b) pupils at schools where arrays are situated.

2.5 As the solar PV is provided via contract, Haringey's business arena, which reflects the diversity of the Borough, with around 95% of the 8,000 businesses classified as Small-to-Medium Sized Enterprise could be provided with opportunity to bid for the work. However, as the Council has used an existing framework agreement, the opportunity has been restricted.

2.7 The reason for restricting opportunities for SMEs and BAMEs to bid for this Council contract is as follows:

- ▶ The Council is significantly impeded in delivering a solar programme by time, as central government is due to review the feed-in-tariff by the end of December 2011, with recommendations implemented by the end of March 2012. It seems increasingly likely that any changes to the feed-in-tariff are likely to reduce the stipend central government offers for the generation of electricity. This is resultant of a number of factors, but most poignant are the saturation of the UK market for solar panels, which has drastically reduced the cost equipment, and the relentless increase in utility costs, which means the offset of electricity consumption and hence supplier charges is slowly overtaking the feed-in-tariff as the main financial driver for the implementation of microgeneration.
- ▶ The combination of low capital costs and rising electricity bills, coupled with the existing, generous feed-in-tariff and the potential for this to change, is a reason for Haringey Council to mobilise swiftly. However, swift mobilisation has its own barriers. A programme of this financial scale requires the Council to comply with EU Procurement Directives – a set of rules we must comply with to demonstrate open and fair competition.
- ▶ For the contracting model, this requires a full OJEU process. An OJEU process is long and arduous (for the Council and suppliers) and open to all interested parties within the EU. More information is available here:
http://ec.europa.eu/youreurope/business/profitting-from-eu-market/benefiting-from-public-contracts/index_en.htm.
- ▶ An OJEU process typically takes the Council six months, and is therefore unsuitable as a procurement option given the timescales we have. The only way to circumnavigate this process is to use an existing contract that previously went through the OJEU process. Fortunately one exists – tendered by Birmingham City Council – to which Haringey Council has acceded. This means we can use this framework immediately. However, it restricts us from offering the opportunity to the market and hence local suppliers.

Step 3 - Assessment of Impact

- 3.1 Whilst the immediate solution has restricted the opportunity for SMEs to bid for Council solar panel installation work, it is expected that this proposal will ultimately benefit marginalised groups in the borough in the following way:

- ▶ Whilst local businesses are unable to deliver a contracting scheme, we are keen to influence the supply chain of providers. To this end, we are requesting of our installer that they demonstrate a commitment to utilising local business for any required sub-contracting work (in the event of capacity issues).
- ▶ The installer for the contracting model has also agreed to offer apprenticeships and work placements, numbers to be agreed dependant on the total project size, for the duration of the contract.
- ▶ Finally, once the arrays have been installed, there will be a requirement for maintenance over the life of the installations. This will include both routine activities, such as cleaning, and call-out requirements when electrical equipment within the installations fail. Inverters, for example, typically have a life span of approximately half that of solar panels and will need replacing at least once throughout the life of the twenty five year project. The Council is aware that the local market is primed to undertake this work, and will ensure that providers are given the necessary direction to ensure they are able to competitively bid for this contract.

Step 4 - Consult on the proposal

Stakeholder	Internal/External	Issues	Mitigation Actions
Camco	External	None	N/A
Schools	External	Multiple concerning ownership, selection and educational offering	See actions table
Deloitte & Touche		None	N/A
Corporate Property Services		None	N/A
Capital Programme Team (Place and Sustainability)		None	N/A
Haringey 40:20 Commission		No opportunities for local business	See actions table
Corporate Finance (Corporate Resources)		None	N/A
Environmental Resources (Place and Sustainability)		Divert funds to front line for carbon reduction work	See actions table
Regeneration (Place and Sustainability)		Increase the opportunities for marginalised individuals	See actions table

Step 5 - Addressing Training

5.1 Training is not considered necessary to ensure the delivery of actions to mitigate issues arising from the implementation of this programme. The Council has developed a robust programme governance solution, which ensures that key stakeholders have the opportunity to feed-in to proposals.

Step 6 - Monitoring Arrangements

6.1 Programme Monitoring

6.1.1 The programme will be scrutinised by a programme board comprised of the key client functions. Programme highlight reports will be provided on a fortnightly basis.

6.1.2 The delivery of work placements and apprenticeships for marginalised groups is being arranged between the installer and Regeneration. Regeneration will provide progress updates for the highlight report that will be sent to the key clients that comprise the Programme Board. Regeneration will use existing reporting arrangements set up as part of the Haringey Guarantee offering to convey information.

6.2 Contract Monitoring

6.2.1 The Council will undertake monthly contract meetings with the installer to identify discrepancies between Regeneration and Installer progress updates. Issues will be reconciled as per the terms of the contract.

6.2.2 The business case for schools will include provision for electronic energy displays, climate change campaign posters, climate change lessons and free Display Energy Certificates. In terms of ownership and liability, schools will be required to sign up to an SLA which details the relationship between the schools and the Council in respect of solar panel ownership and maintenance. The Council will monitor performance of delivery of educational benefits against the SLA. Attendance sheets and feedback sessions will be developed to ensure recommendations for improvement are factored in to future events.

Step 7 & 8 - Summarise impacts identified/actions to be implemented

In the list below are recommendations for action that will be taken as a result of this impact assessment.

Issue	Action required	Lead person	Timescale	Resource implications
Certain schools are concerned that they do not have the same access to educational opportunities as install locations have been limited.	Point non-participant schools to the Eco-Schools Solar PV offering, who can provide a similar offering to the Council.	Kamar Zaman	To 31.03.2012	0.1 F.T.E
Participant schools are concerned liabilities may impact school cash flow and hence educational provision.	Agree and sign an SLA which explicitly demonstrates liability and benefits to each partner.	Kamar Zaman	To 31.12.2011	0.25 F.T.E
The expediency of the programme has limited opportunities for local businesses.	Agree to investigate opportunities with the installer to manage capacity issues by sub-contracting locally. Ensure ample time when tendering the maintenance contract and advertisement/early contractor engagement includes local business.	Ben Brown	To 30.06.2012	0.25 F.T.E
New business is entering the area but technical nature reduces opportunities for those without pre-requisite skills (i.e. long-term unemployed).	Engage in work placement and apprenticeship programme with installer and CHENEL, using the Haringey Guarantee Scheme as a conduit to providing training and placements.	Ambrose Quashie	To 31.03.2012	0.5 F.T.E
Revenue generation is channelled into specific projects which only benefit small sections of the community.	Provide paper to budget scrutiny committee concerning carbon reduction work for recommendations on funding to Cabinet.	Jess Sherlock	To 03.11.2011	1 F.T.E

Step 9 - Publication and sign off

9.1 This impact assessment will be published alongside the Solar PV report to Cabinet Procurement Committee on the 14th November 2011. Sign-off will come from Cabinet Procurement Committee.

Assessed by (Author of the proposal):

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Designation: Sustainable Business Manager

Signature: 

Date: 15 November 2011

Quality checked by (Equality Team):

Name: Inno Amadi

Designation: Senior Policy Officer, Equality and Diversity Team

Signature: 

Date: 17 October 2011

Sign off by Directorate Management Team:

Name:

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Signature:

Date:

Document is exempt

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