

CAMBRIDGESHIRE COUNTY COUNCIL

Energy Performance Contracting for Cambridgeshire schools and public buildings

OPPORTUNITIES FOR INVESTMENT

Since 2008, Cambridgeshire County Council and its local authority partners have been working together on the challenges of energy security, affordable energy and reducing energy consumption.

The Cambridgeshire Renewables Infrastructure Framework (adopted by the Local Authorities as an evidence base for their district local plans) identified that for Cambridgeshire to deliver 28% of its energy needs (for buildings and business) from renewable energy, an investment of £2-6 billion is needed by 2030, of which the public sector could deliver £320 million of infrastructure delivery via schools, non-domestic buildings, land development etc. For non-domestic energy efficiency there is an estimated £140million market in Cambridgeshire alone.

TURNING STRATEGIES AND PLANS INTO REALITY

Cambridgeshire County Council and its partners Cambridge City Council, South Cambridgeshire District Council and Huntingdonshire District Council signed a contract with the European Commission's Executive Agency for Small and Medium Enterprise in August 2012, securing £700,000 grant (75% of the total budget) over three years for financial assistance from the Intelligent Energy Europe (IEE) programme. The EU contract is being led by Cambridgeshire County Council and the project is called Mobilising Local Energy Investment (MLEI). The aim of the grant is to build capacity and skills in local authorities to bring forward investment into energy efficiency and renewable energy generation projects. A condition of this technical assistance grant money is that an investment fund and delivery mechanisms are set up, through which investment into energy projects must be evidenced totalling at least fifteen times the value of the total grant. For the MLEI Project this means approximately £15million of investment into energy projects must be evidenced by 21st August 2015.

FINDING THE RIGHT SOLUTION

Cambridgeshire CC assessed three routes through which to engage a supplier to deliver energy performance contracting for an initial project of schools and public buildings.



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Procuring an Energy Performance Contracting supplier was deemed to be the most appropriate solution. The Energy Service Companies (ESCOs) install energy conservation measures in identified buildings and guarantee annual energy savings over an agreed payback period. This Energy Performance Contracting model transfers the risk of performance to the ESCOs, as they must guarantee the energy savings to be made over the agreed payback period. Unlike standard retrofit projects this provides a number of clear benefits.

There are several frameworks and procurement options for the delivery of energy efficiency performance contracts within the public sector. Cambridgeshire undertook an options appraisal to assess the most appropriate solution and in January 2014 Cambridgeshire County Council's Cabinet agreed in to use the REFIT Framework.

RE:FIT FRAMEWORK

Re:FIT is a national scheme that improves the energy efficiency of existing public sector buildings, to cut costs, achieve substantial guaranteed energy savings and reduce carbon emissions.

The RE:FIT Framework, available to all public sector organisations in the UK, streamlines the procurement process for energy efficiency works by providing pre-negotiated, EU-regulation-compliant contracts that can be procured from a group of 12 pre-qualified specialist Energy Service Companies (ESCOs). The ESCo designs and implements energy conservation measures, which enable organisations to cut running costs, energy consumption and carbon emissions. The ESCo guarantees the level of energy savings, thus offering a secure financial saving over the period of the agreement.

The RE:FIT framework is flexible so that it can be used for a broad range of measures to reduce CO2 emissions, including insulation and building fabric improvements, replacement or upgrading of mechanical and electrical services equipment and the installation of bespoke energy efficiency

measures such as combined heat and power (CHP) and voltage optimisation equipment.

To date more than 150 public sector organisations have already committed to use RE:FIT and over 400 buildings have been retrofitted.

In order to access the framework Cambridgeshire appointed Local Partnerships to provide hands on support to develop their RE:FIT project. This allowed them access to legal, financial, technical, project management and procurement expertise as well as templates to carry out each project stage in the most efficient and effective way.

Local Partnerships, working with the Department of Energy and Climate Change (DECC), is building on the success of the London RE:FIT scheme to support public sector organisations outside London implement RE:FIT across their buildings portfolio.

So far Cambridgeshire CC has been able to benefit from the experience of a tried and tested programme and experienced and knowledgeable project team. With access to a range of best practice information, including case studies, access to previous RE:FIT participants to share knowledge, benchmarking and cost information on project costs, savings and carbon reductions Cambridgeshire has been able to fast track their project and ensure it's success.

ACTIVE COMMUNICATION

An important aspect of the MLEI Cambridgeshire project has been to recognise the on-going programme of learning for project partners. This is about ensuring all involved make the best use of new skills and experiences about energy project financing and delivery as the project develops. For example, early in the project a series of outreach events to local experts, business leaders and community groups helped to set the priorities for establishing Cambridgeshire's finance and delivery model.

Cambridgeshire CC has also been pro-actively engaging public sector organisations within the County to ensure that they are aware of and able to benefit from the project. Cambridgeshire has named a number of public sector organisations across the County to ensure that these organisations have the opportunity to benefit from the procurement process and are able to work with the appointed contractor without having to duplicate effort or undertake their own procurement process.

As a project under the RE:FIT framework Local Partnerships have also been critical in ensuring the lessons learnt from Cambridgeshire are fed back into the RE:FIT programme for the benefit of other public sector organisations and vice versa. This has included facilitating discussions amongst local authority officers regarding finance and procurement and engaging with schools to ensure that they are confident to progress their project based upon the experience of schools in areas such as London and Leeds.

In addition the authority has an active online presence and is keen to encourage digital engagement. Recent news is shared online at www.mleicambs.org.uk

THE INVESTMENT CASE FOR SCHOOLS AND CAMBRIDGESHIRE COUNTY COUNCIL BUILDINGS

To achieve the targets of the European funding, seven secondary/special schools, twenty primary schools and approximately twenty CCC buildings would need to agree energy performance contracts for energy efficiency and renewable energy measures within 12 months of appointing a partner.

Engagement with schools started in February 2014. To date forty two schools have signed up a commitment to energy performance contracting under this programme. Cambridgeshire has two hundred and forty schools in total which includes seven special schools, twenty nine village colleges and two hundred and four primary schools.

Cambridgeshire County Council currently has over two hundred buildings but the intention is to dispose of buildings and bring forward joint facilities with its public sector partners. Ninety properties have some certainty of remaining with Cambridgeshire County Council. Up to twenty properties may come forward for energy performance contracting starting with Shire Hall and the Octagon, the largest user of energy and the headquarters for the authority.

The aim is to bring forward public sector buildings in tranches during the next 3-5 years from across the public sector partners signed up the Cambridgeshire Strategic Asset Management Plan 2011-2021, convened via the Making Assets Count project. For example, Cambridgeshire Police have potential for £1million of energy performance contracting on their buildings.

COMMITMENT TO THE PROJECT – RESOURCES AND FINANCE

Through the MLEI grant from the EU, Cambridgeshire County Council is providing support to:

- engage with schools and public sector partners,
- project manage the projects, process and the decision making timelines
- develop and secure financing arrangements for contracts
- pay for some of the legal costs.

This package of support facilitates the communication and decision making processes with schools and Cambridgeshire County Council buildings and projects. The collaboration helps secure the capital investment for delivery of the energy performance contracts and Solar Park whilst continuing to build the project pipeline from across schools and public sector partners over time.

AMBITIONS FOR THE FUTURE

On the 25th June Cambridgeshire CC launched a RE:FIT procurement to appoint an energy performance contracting supplier for schools and public buildings and as a priority bring forward Cambridgeshire County Council land, buildings and schools for energy performance contracting and renewable energy measures to secure up to £15million investment. The procurement timeframes are ambitious. Cambridgeshire CC expects to have identified a preferred delivery partner by the 1st August to ensure £5million investment by August 2015 and commencement of works by April 2015.