

Report to Cabinet
Item 11 September 2019
Report of Head of city development services
Subject Award of a contract for LED lighting upgrades to St Andrews multi storey car park

Item

14

KEY DECISION

Purpose

To seek approval to award a contract for LED lighting upgrades to St Andrews multi storey car park.

Recommendation

To:

- (1) award a contract for LED lighting upgrades to St Andrews multi storey car park; and
- (2) recommend to council that the 2019/20 General Fund Capital programme is increased by £285,000 to facilitate utilisation of the Salix Energy Efficient Loan Scheme to finance the cost of installing the new LED lighting and associated fees.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The financial consequences of this report are the award of an order for LED lighting upgrades to St Andrews multi storey car park to a value of approximately £284,608.01 (based on an indicative quote previously supplied).

Any award will require council approval for the General Fund Capital programme increase to go forward.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

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Background documents

None

Report

Introduction

1. The proposed project will replace the existing lighting with energy-efficient LED equivalents within St Andrews multi-storey car park. The only areas of the car park that will not have the lighting upgraded are the emergency stairwells, where an existing LED replacement project has been completed. It is intended that 1,083 light fittings will be replaced with new energy-efficient LED options. The replacement light fittings will have additional sensors to further reduce energy consumption – via motion and daylight sensing technology.
2. The site is the second highest electricity consuming asset controlled by Norwich City Council and as such is making a significant contribution to the total carbon emissions from the council.
3. This project will make a significant contribution to the council's carbon reduction plans. If works proceed as planned, then there will be a 116.35 tonne reduction in annual CO₂ emissions.
4. It will also significantly reduce the energy usage on this site – calculations show an 87% energy consumption reduction is achievable.
5. The project is intended to be completed before the end of the 2019 financial year.
6. The existing lighting equipment is now 15 years old. Some component parts are now obsolete and lighting failures are now commonplace with repairs expenditure increasing with time – it is anticipated that an annual saving of approximately £10,000 on repairs and maintenance could be achieved once work is complete. This project will refresh this equipment which otherwise would be recommended for replacement in the near future.

Contract

7. The contract is for a supplier to carry out works at St Andrews MSCP to design, supply, install and commission new energy-efficient LED lighting to replace the existing lighting equipment within the 2019-20 financial year.

Procurement process

8. An open tender process was undertaken to select a supplier to provide this works provision. Tender documents have been produced and advertised on the council's e-tendering portal and contracts finder.
9. Evaluation of the interested suppliers was carried out to determine the most economically advantageous return. Suppliers were asked to submit details of their company in terms of finance, contractual matters, technical and professional ability, insurances, quality assurance, environmental standards, equality and diversity policies, references and previous experience and these were evaluated to establish if the suppliers meet council requirements to deliver the required works.

Tendering

10. The tender was advertised on 20 August 2019 with a return date of 06 September 2019. The returns are being evaluated on the 09 September 2019. This timetable does not allow for the name of the recommended supplier and the price of the works to be available at the time of this report being written. However, this information will be available and be provided as an update for the cabinet meeting on 11 September 2019.

Tender evaluation

11. The supplier selection process requires suppliers to provide four quality question responses. The responses given will be evaluated against predetermined criteria. This quality assessment carries a maximum of 40% of the marks. The lowest price will be allocated 60% of the marks and marks will be deducted, pro-rata, with each increasing tender price. Suppliers need to prove their capability to deliver these works by means of specific quality questions and a number of “must have” requirements in terms of certifications and company accreditations.
12. The supplier with the highest cumulative score will be deemed the best value submission.

Additional financial information

13. Council approval for an increase in the 2019/20 General Fund Capital Programme is required to confirm the capital budget to finance this initial award.
14. Orders placed will not exceed the approved budgets included within the capital budget allocation.
15. The contract value will initially be repaid via a Salix financing loan to fund the project.
16. Salix Financing will be sought to fund 100% of this lighting upgrade project. Salix loans ‘provide interest-free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. Salix is funded by the Department for Business, Energy and Industrial Strategy, the Department for Education, the Welsh Government and the Scottish Government and was established in 2004 as an independent, publicly funded company, dedicated to providing the public sector with loans for energy efficiency projects.’
17. This loan will then be repaid through energy and maintenance savings over a period of 5 years.
18. Savings made after that period will be reflected in the significant reduction in energy costs on the asset – projected to be in excess of £53,000 less per annum than would have been the case with no work undertaken.
19. To date the council has achieved a carbon reduction of 57.1%. The project contributes towards the council’s ongoing programme of energy efficiency and

will therefore complement the objectives within the Environmental Strategy. Any wastes will be recycled where possible or be disposed in accordance with relevant legislation. Any lessons will be applied to other relevant assets where possible.

20. No contract will be entered into without official confirmation of the Salix funding being obtained – via a Salix Reservation of Funding letter. Loan agreements would subsequently be finalised upon completion of works up to the agreed project stages – expected to be after Stage 1, Stage 3 & Stage 6 of the project. It is anticipated that 3 separate sums (totalling the whole loan value) will be transferred to NCC by Salix at these agreed intervals to ensure payments to contractors can be made.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	11 September 2019
Director / Head of service	Andy Watt
Report subject:	To award a contract for LED lighting upgrades to St Andrews multi storey car park
Date assessed:	27 August 2019

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	☐	☒	☐	To ensure the best value for money is obtained from the available supplier.
Other departments and services e.g. office facilities, customer contact	☐	☒	☐	Reduced luminaire failures and faults will reduce maintenance requirements and associated costs. Sectioning-off areas of the car park during installation may lead to a minor level of revenue loss – despite mitigation measures in place.
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	☒	☐	☐	
<u>S17 crime and disorder act 1998</u>	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☐	☒	☐	Suppliers appointed will recycle the vast majority of waste material.
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	Make a significant contribution to the NCC carbon reduction plans. If works proceed as planned, then there will be a 116.35-tonne reduction in annual CO2 emissions. Significantly reduce the energy usage on this site – calculations show an 87% energy consumption reduction is achievable.

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☐	☐	☐	1. Risk of challenge from unsuccessful suppliers: There is no risk of challenge from unsuccessful suppliers at this stage. 2. Risk of supplier failure: There is a risk that the appointed suppliers could fail during the life of the contract. 3. Risk of product failure: Installation guarantees and warranties will cover the loan repayment period of 5 years but expected product life-times will exceed this by approximately 6 years (11 years total). So failures after 5 years would reduce the long-term savings expected. 4. Risk of financial savings falling below expectations: There is a risk that assumptions made on energy cost increases over the period of the loan (5 years) will not occur, leaving gaps in funding repayments. NCC would make significant savings on total energy costs on all assets as a result of any lack of increase in energy costs but would still leave a repayment shortfall on this asset.

Recommendations from impact assessment

Positive

Negative

Neutral

Issues