



## DECISION PAPER

**DECISION: 2018/14**

**DATE: 23<sup>RD</sup> MAY 2018**

**TITLE: PROVISION OF SOLAR PANELS AT HEADQUARTERS**

**REPORT BY: ALAN BROWN (HEAD OF FINANCE/PROCUREMENT AND TS)**

### Executive Summary

This report, through the provision of solar panels at Headquarters will contribute to the Constabulary reducing its carbon foot print and facilitating recurring energy savings in accordance with the Estates Strategy.

### Recommendation

The Commissioner is requested:

1. to note the report and the potential for ongoing annual savings in future years; and
2. to agree to the loan application as detailed in the report.

Signature

Police and Crime Commissioner

Date

23rd May 2018

**THE POLICE AND CRIME COMMISSIONER FOR LANCASHIRE**

**PROVISION OF SLOAR PANELS AT HEADQUARTERS**

**1. Current position**

- 1.1 The Estates Department has been looking at options to reduce the carbon footprint and have developed an "invest to save" proposal which meets this objective and also provides recurring energy savings.
- 1.2 The Constabulary will be appointing a supplier to install solar equipment in two of its buildings at Hutton, a 181 kwp (kilowatts per hour) maximum capacity solar system on the main headquarters and a 73kwp maximum capacity solar equipment on the Pavilion building.
- 1.3 The estimated cost for both buildings would be above the Official Journal of the European Union (OJEU) threshold of £181,302 for services.

**2. The Tender Process**

- 2.1 YPO (Yorkshire Purchasing Organisation) has a framework for the Design, Supply, Installation and Maintenance of Solar PV Equipment, which will cover the Constabulary's requirements.
- 2.2 A mini competition was undertaken on behalf of the Constabulary by YPO via the framework.
- 2.3 Tender documents were issued by YPO on the 28<sup>th</sup> June 2017 and five suppliers responded by the closing date of the 1<sup>st</sup> August 2017.

- Campbell & Kennedy;
- Herbert T. Forrest;
- JPS Energy;
- Solar Renewable Advanced Systems;
- Williams Dyer Ltd

**3. Tender Evaluation**

- 3.1 The submissions were then assessed and scored against the tender award criteria as specified in the tender documents. The responses were evaluated on a combination of 65% quality, and 35% price. The quality evaluation was undertaken by Estates Facilities Manager (Buildings), Senior Building Surveyor, Building Services Engineer and the Estates Technical Officer.
- 3.2 The pricing evaluation was carried out by the Procurement Department.
- 3.3 The overall results of the evaluation for both quality and price can be seen in the table below

Supplier	Price £	Price %	Quality %	Total %	Position
Herbert T. Forrest	£85,208	35%	50%	85%	1
Solar Advanced Systems	£91,420	33%	47%	80%	2
Campbell & Kennedy	£90,236	28%	49%	77%	3
JPS Renewable Energy	£130,885	26%	43%	69%	4
Williams Dyer	Non-compliant	0%	33%	33%	5

**Herbert T. Forrest** submitted the Constabulary with the most economically advantageous proposal against the tender award criteria.

#### **4. Costs**

- 4.1 The cost of the installation based on the supplier proposals for both buildings will be £200,884 (£136,168 based on the maximum capacity of 181-kwp system for HQ and £64,676 based on the maximum capacity of 73-kwp system for the Pavilion).
- 4.2 The Constabulary will award the compliant contract to Herbert T. Forrest in compliance with Standing Orders.
- 4.3 As part of the arrangement there is an opportunity to access an interest free loan provided by SALIX Finance Ltd.
- 4.4 The proposal to utilise this source of funding to pay for the solar panels allows savings generated after installation being utilised to service the loan. The current indicative savings from both energy and the FiT (feed in tariff) would result in payback of the overall investment in 7 years.

Any additional costs, for example insurance, servicing will be met from existing budgets. Annual savings, after the payback period are currently estimated to be around £30k.

#### **5. Financing**

- 5.1 The Constabulary has approached SALIX Finance Ltd who provides interest free Government loans to public sector organisations. Their loans are specifically to improve energy efficiency and lower carbon emissions, thus reducing their energy bills.
- 5.2 SALIX Finance Ltd has agreed in principle to provide the money to be paid back over a seven-year period.
- 5.3 The supplier estimates over the seven-year period based on the information provided by the Constabulary on its annual usage that both buildings would make annual energy savings of £22K (£16K for HQ and £6K for the Pavilion building).
- 5.4 The maximum simple payback period for the 2 installations at HQ Main Building and the Pavilion are 6.8 years and 7 years respectively.

- 5.5 The Chief Constable is not legally able to enter in to a loan agreement therefore the PCC is kindly asked to approve and thereafter make the application for an interest free loan from SALIX finance Ltd.
- 5.6 Once approval to request the loan from SALIX finance Ltd is obtained, the next stage is for Estates to complete a formal loan application in conjunction with the supplier (Herbert T. Forrest).

## 6. **Recommendation**

The Commissioner is recommended:

1. to note the report and the potential for ongoing annual savings in future years;
2. to agree that an application for an interest free loan from SALIX Finance Ltd can be made; and
3. to thereafter make such an application and enter into that agreement

## 7. **Consultations**

Consultation has taken place with key stakeholders, including the Senior Building Surveyor, Building Services Engineer, YPO, and the Procurement and Contracts Department who identified the relevant contract route

## 8. **Implications**

### **Financial**

The cost of financing the loan will be contained within the existing revenue budget. Once the loan is repaid, annual savings of around £30k will be generated in the revenue budget.

### **Equality considerations.**

None

### **Legal**

The Chief Constable is only permitted to borrow money ( ie through a loan) in very narrowly defined circumstances and may only do so with the permission of the Police and Crime Commissioner. The circumstances of this case does not meet that criteria and so the Chief Constable cannot enter the agreement.

## 10. **Links to the Police and Crime Plan**

- 10.1 This project contributes to the first priority in Protecting Local Policing and ensuring we are putting our assets to the best possible use.

## 11. **Background Papers**

None

## 12. **Public access to information**

RESTRICTED - This decision contains information which relates to or includes commercial, financial or business interests of the Police and Crime Commissioner or any other person or company.

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**Chief Executive Officer (Monitoring Officer)**

I have been informed about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.

Signature..........Date.....24.5.2018

