

Public Document Pack

Nottingham City Council

Commissioning and Procurement Executive Committee

Minutes of the meeting held at Loxley House, Station Street, Nottingham, NG2 3NG, on 15 October 2024 from 9.32 am - 9.50 am

Membership

Present

Councillor Linda Woodings (Chair)
Councillor Cheryl Barnard
Councillor Corall Jenkins

Absent

Councillor Jay Hayes
Councillor Pavlos Kotsonis
Councillor Ethan Radford

Colleagues, partners and others in attendance:

Dawn Cafferty - Head of Procurement
Mark Leavesley - Governance Office
Reshma Michael - Senior Energy Projects Officer
Jorge Santana - Low Carbon Energy Projects Manager

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 23 October 2024. Decisions cannot be implemented until the working day after this date.

35 Apologies for absence

Councillor Hayes - leave
Councillor Kotsonis - personal
Councillor Radford - other Council business

36 Declarations of interests

None.

37 Minutes

The Committee agreed the minutes of the meeting held on 10 September 2024 as a correct record and they were signed by the Chair.

38 Provision of security staff - key decision

Councillor Jenkins, Executive Member for Communities, Waste and Equalities, presented the report, and stated the following:

- a) there are legacy site security requirements in place, which are there for a reason (to protect assets, employees, customers and, in some circumstances, for insurance requirements);

- b) these sites are primarily covered by Council employees. The posts were offered up as a saving, with a proposal to utilise 3rd party companies rather than inhouse, thereby saving on 33% night enhancement, holiday or sick pay, and National Insurance contributions etc, but this was rejected. What was agreed was to not replace leavers and utilise 3rd party suppliers to cover holidays, sickness and nights;
- c) there are currently only enough staff to cover 3,500 hours per month, and the current requirement is around 8,000 hours per month, with a split of 3,500 regular hours to cover as a requirement to the Council and 4,500 hours considered as adhoc. Adhoc being sites like the Guildhall or Broadmarsh Intu building, which will eventually be resold or repurposed but legally requires security to prevent harm and protect assets;
- d) the majority of the adhoc requests come via Corporate Landlord and Car Parking, who will have their own spend approval and any costs associated with that work is recharged back to Security, so in essence no cost to the department;
- e) we only cover where asked, and some of the estate is difficult to manage, especially the Guildhall and the old Broadmarsh shopping centre, which still has working shops who legally have access via the service deck and also fire escape routes;
- f) we regularly review requirements and consider other options with colleagues and, wherever possible, we have come up with options which are cheaper, such as installed reactive CCTV, alarms systems and electronic solutions to allow access, however, it is not always possible to keep a site safe without on-site Security;
- g) to highlight the issue, since the original spend approval was given, we have been asked to increase our requirement on a particular site (due to anti-social behaviour, theft and vandalism) and this has taken the original request for £950k to an estimated £1.3m.

Resolved to approve

- (1) entering into a call-off contract for the provision of security staff under the terms of the City Council Corporate Security Services Framework;**
- (2) a spend of up to £1.3m due to increase in service demand.**

Reasons for recommendations

- a) We are seeking to procure Security Services on behalf of NCC Departments who have requested this service from ourselves having sought spending approval to do so. The call off contract enables us to respond to fluctuating demand in a timely way, which would be impossible to achieve utilising current headcount.

Other options considered

- b) Removing security requirements – this would impact income generation, affecting car parking and events, with increased risk to staff, citizens, assets and of anti-social behaviour.
- c) Recruit more in house security employees – this would increase costs, still may not meet the demand, or mean having more staff than work. This would also leave gaps to cover holiday and sickness as sites still require guarding.

39 Harvey Hadden Sports Village solar PV project (Phase 3) - key decision

Reshma Michael, Senior Energy Projects Officer, presented together this report and the urgent item and stated the following:

- a) Harvey Hadden Sports Village is a very high user of energy and uses on average 2,960 units of electricity per day, imports approximately 1,080,566kWh of electricity per year. and accounts for 4.8% of the Council's energy budget;
- b) by installing an additional 304.3KWp solar PV system into the building's design, the system is expected to generate 254,730kWh in year 1, contributing a 20.84% reduction in the building's current energy import;
- c) the utilisation of solar power will further help reduce greenhouse gas emissions associated with conventional energy sources and contribute to Nottingham City's commitment to net zero;
- d) the anticipated Return on Investment for the project is 12.5% over a 6-year period, meeting the criteria of the Salix fund. This alignment with the financial objectives of the project makes it a robust and viable investment;
- e) the positive carbon value of the initiative has significantly enhanced the overall net benefit, and the improvement is reflected in an increased NPV of £2,087,915 Internal Rate of Return of 24.6% and a reduced payback period of 3 years. The reduction of carbon emissions by 53.1 tons annually, coupled with an overall +10 score in the Carbon Impact Assessment, aligns positively with Nottingham's Carbon Neutral Action Plan, and the favourable environmental impact positions the organisation as a frontrunner in sustainability.

Following a request from the Deputy S151 Officer, the urgent item being considered in conjunction with this report contained the following additional clarifying information:

- f) SALIX is a revolving Capital Fund whereby the Council is able to drawdown funding for energy improvement / efficiency projects. The funding drawn down has to be repaid interest free from the revenue savings generated from the project. Once the funding is repaid the Council keeps the ongoing savings;
- g) SALIX Funding is repayable funding and is in accordance with both the Capital and Treasury Strategy;

- h) the financial models assume that the repayments are made from the revenue energy savings generated from the solar panels and return a surplus to the Council over the life of the asset. The revenue impact of this scheme will be included within the 2025/26 budget process;
- i) if the savings, as set out in the body of the report and the exempt appendix, do not materialise as planned, this scheme could generate a revenue pressure if the actual savings are less than forecast. If this occurs, any pressure would need to be contained within Energy Services or, if this is not achievable, declared within the budget process as a growth item.

Resolved to

- (1) approve spend of up to £419,750 of Salix funds on solar PV at Harvey Hadden Sports Village;**
- (2) approve seeking competitive tenders for a design and build contract, in conjunction with procurement colleagues for value for money and compliance with Contract Procedure Rules, and award the contract to the most economically advantageous tender received;**
- (3) delegate authority to the Corporate Director of Communities, Environment and Resident Services to enter into a contract with the successful tenderer;**
- (4) delegate authority to the Corporate Director of Communities, Environment and Resident Services, in consultation with the Corporate Director of Finance and Resources, for the signing of the SALIX funding agreement;**
- (5) approve the anticipated revenue savings and repayment of capital funding as set out within the reports and exempt appendix, noting that the identified net saving will be incorporated in the 2025/26 Budget and Medium Term Financial Plan process.**

Reasons for recommendations

- a) Our high degree of confidence in the installation/operation of the solar PV system and certainty in the longevity of the facility, coupled with the unavoidable high energy demand totalling over 1 million kWh per annum and representing nearly 5% of the council's total energy consumption each year, the benefits of approving this project far outweigh the risks.
- b) Return on Investment (ROI) - The anticipated Return on Investment (ROI) for the Solar PV project is 12.5% over a 6-year period, meeting the criteria of the Salix fund. This alignment with the financial objectives of the project makes it a robust and viable investment.
- c) Energy Independence - The project expects to generate a 20.84% of Harvey Hadden's remaining grid energy demand, thereby offsetting a substantial portion of imported electricity and gas with renewable sources.

- d) **Social Value** - The positive carbon value of this initiative has significantly enhanced the overall net benefit. This improvement is reflected in an increased NPV of £2,087,915 Internal Rate of Return (IRR) of 24.6% and a reduced payback period of 3 years.
- e) **Environmental Sustainability** - The reduction of carbon emissions by 53.1 tons annually, coupled with an overall +10 score in the Carbon Impact Assessment, aligns positively with Nottingham's Carbon Neutral Action Plan. The favourable environmental impact positions the organisation as a frontrunner in sustainability.
- f) **Long-Term Viability** - The project is structured for enduring feasibility, aiming for a 6-year payback period while sustaining profitability for up to 30 years. Moreover, this project initiative is centred on scalability and adaptability to incorporate upcoming technological advancements.
- g) Following a Capital Board meeting, the project received approval, but Finance requested two additional recommendations (resolutions 4 and 5 above) to provide further clarity on key financial aspects and gave further advice (as detailed in section 7 of the urgent report item).
- h) These amendments include detailed guidance on the Salix repayable funding, confirming that repayments will be made from the revenue energy savings generated by the solar panels and ensuring the Council benefits from a long-term surplus. Additionally, Finance highlighted Salix funding risks, emphasising the need to monitor potential revenue pressure if actual savings fall below forecasts.
- i) Despite these updates, the project's total value, anticipated bill savings and carbon reduction targets remain unchanged.

Other options considered

- a) **Do nothing** - The alternative is to not proceed with the third phase of solar PV installations at the Sports Village. This would neither contribute to the Council's CN28 agenda, nor result in a 20.84% reduction in the building's current energy import. Consequently, it would fail to offset a substantial portion of imported electricity and gas with renewable sources.

40 Urgent item - Harvey Hadden Sports Village solar PV project (Phase 3)

The Chair of the Committee agreed that this item, although not on the agenda, could be considered (in the public domain and in conjunction with agenda item 5, minute 39, Harvey Hadden Sports Village solar PV project) as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972, because, at the request of the Deputy S151 Officer, it provided greater financial clarity to the original report.

For detail of the consideration, and resolutions of the Committee, please see minute 39 above.

41 Exclusion of the public

The Committee agreed to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

42 Exempt appendix - Harvey Hadden Sports Village solar PV project (Phase 3)

The Committee noted the exempt appendix.