

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 01 December 2020

TITLE	City Leap Energy Partnership – procurement update and contract extension notification		
Ward(s)	Bristol City Wide		
Author: David White	Job title: Head of Energy Services		
Cabinet lead: Cllr Cheney	Executive Director lead: Stephen Peacock		
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report: This Report is to notify Cabinet of the outcome of the Selection Questionnaire stage of the City Leap Energy Partnership procurement and seek authorisation of extensions to the current legal and financial services contracts in relation to the City Leap Energy Partnership procurement (for the duration of the City Leap Energy Partnership procurement and the periods during which the vehicle to deliver the City Leap Energy Partnership is established and selected energy assets are transferred from the council to the vehicle).			
Evidence Base: Outcome of Selection Questionnaire stage of the City Leap Energy Partnership procurement The City Leap Energy Partnership is a project to appoint a City Leap Strategic Partner to enter into a 20-year joint venture with the council with the aim of delivering up to £1bn of investment in low carbon energy infrastructure in Bristol and support the aim of Bristol becoming a carbon neutral city by 2030. Following the approval by Cabinet in July 2020 of the Cabinet Report, 'Revised City Leap Energy Partnership', to recommence the City Leap Energy Partnership procurement, a Concession Notice was published in the Official Journal of the European Union on 3 August 2020 commencing the current procurement. A Selection Questionnaire was issued to parties interested in bidding on 7 August 2020. Responses to the questionnaire were due on 25 September 2020. The Selection Questionnaire was used to assess, amongst other things, prospective Bidders' economic and financial standing, ensure there were no grounds for mandatory or discretionary exclusion and their previous experience of: <ol style="list-style-type: none">1) Working in partnership to deliver substantial low carbon energy infrastructure in an urban environment;2) Providing, sourcing and/or facilitating substantial funding for low carbon energy infrastructure;3) Delivering and investing in a range of smart, interconnected low carbon energy infrastructure projects;4) Creating and delivering substantial and innovative social value as part of low carbon energy infrastructure projects; and5) Engaging and working with local third sector partners to deliver low carbon energy infrastructure projects Following evaluation of the responses, the following Bidders were shortlisted to proceed to the next stage of the			

City Leap Energy Partnership procurement:

- Ameresco Limited, with Vattenfall Heat UK Limited as an Essential Sub-Contractor;
- E.ON UK PLC and Marubeni Corporation (acting as a consortium);
- ENGIE Services Holding UK Ltd and Sumitomo Corporation (acting as a consortium), with Abundance Investment Ltd as an Essential Sub-Contractor.

All of the above Bidders are considered to be strong contenders to become the Council's future City Leap Strategic Partner. The next steps will be a series of meetings with the Bidders, following which they will be invited to submit tenders and a Strategic Partner will be selected from the shortlist.

Extensions to the current legal and financial services contracts

In April 2019, Cabinet approval was given to commence the procurement of a Strategic Partner for City Leap, which included authorisation for the appointment of financial and legal advisors as well as the overall budget envelope for the City Leap procurement.

Subsequent to Cabinet's approval, compliant procurement exercises were undertaken by the council to enter into contracts for the supply of financial and legal services in relation to the City Leap Energy Partnership procurement.

The subsequent procurements led to the award of the contract for legal services but the procurement for financial services did not receive any bids and feedback from the market indicated that the proposed budget was insufficient. A compliant procurement for financial services was subsequently successfully re-run.

A number of options were considered in relation to this budget increase:

- Option 1: Re-tender – this was rejected on the basis that it would have led to significant cost increases and delays to the current City Leap Energy Partnership procurement;
- Option 2: Use in-house legal resource – this was rejected based on the scope of the Procurement, the volume of advice needed and the degree of specialist knowledge required..
- Option 3: Use the existing advisors - this option was chosen based on least cost and most optimum solution, taking account of the points above.

Legal Services Contract

In addition to the £300k already approved, a further £65k has been spent to date. It is now anticipated that a further £491k may need to be spent to the end of the procurement, which would equate to a total additional spend of £556k. This additional spend needs Cabinet approval under the council's internal procurement rules.

Financial Services Contract

In addition to the £300k already approved, a further £282k has been spent to date. It is anticipated that a further £380k will need to be spent, i.e. a total additional spend of £662k. This additional spend needs Cabinet approval under the council's internal procurement rules.

It is important to note that Cabinet has previously approved the overall budget envelope for City Leap and the figures detailed above fall within that envelope with no additional funding being required.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Notes the shortlisted bidders, selected to progress to the next procurement stage for a Strategic Partner.
2. Authorise the Executive Director for Growth and Regeneration in consultation with Cabinet Member for Finance, Governance and Performance, to extend the City Leap Procurement legal services contract for the duration of the City Leap procurement and the periods during which the vehicle to deliver City Leap is established and selected energy assets are transferred from the council to the vehicle, at an estimated value of circa £140k spend to date plus up to circa £491k of potential additional spend.
3. Authorise the Executive Director for Growth and Regeneration in consultation with Cabinet Member for Finance, Governance and Performance, to extend the City Leap Procurement financial services contract duration of the City Leap procurement and the periods during which the vehicle to deliver City Leap is established and selected energy assets are transferred from the council to the vehicle, at an estimated value of circa £282k spend to date plus additional anticipated spend £380k.

Corporate Strategy alignment:

The City Leap Energy Partnership is intended to deliver the £800m to £1bn investment referenced under the second Wellbeing Key Commitment in the Corporate Strategy 2018-23, which was approved by Full Council in February 2018, 'Keep Bristol on course to be run entirely on clean energy by 2050 whilst improving our environment to ensure people enjoy cleaner air, cleaner streets and access to parks and green spaces.'

City Benefits:

1. Keep Bristol on course to be run entirely on clean energy by 2050 by delivering up to £1bn of investment in the city's low carbon, smart energy system.
2. Improve our environment to ensure people enjoy cleaner air through supporting the further deployment of renewable energy generation and electric vehicles.
3. Improve physical and mental health and wellbeing by making residents' homes warmer and cheaper to heat, reducing inequalities and the demand for acute services.
4. Tackle food and fuel poverty by reducing energy bills.
5. Create jobs, contributing to a diverse economy that offers opportunity to all and makes quality work experience and apprenticeships available to every young person.

Consultation Details:

50+ briefings provided to the Mayor, Cabinet Member Briefings, Oversight & Scrutiny Management Board, Growth and Regeneration Scrutiny Commission and Senior Officers from July 2018 to present.

Background Documents:

1. The July 2020 Cabinet Report: <https://democracy.bristol.gov.uk/documents/s50579/Cabinet%20Report%20-%20Revised%20City%20Leap%20Energy%20Partnership%20FINAL.pdf>
2. The April 2019 Cabinet Report: <https://democracy.bristol.gov.uk/ieDecisionDetails.aspx?AllId=15747>
3. The City Leap Prospectus: www.energyservicebristol.co.uk/cityleap

Revenue Cost	No additional funding required	Source of Revenue Funding	Previously approved Earmarked Reserves
Capital Cost	N/A	Source of Capital Funding	N/A
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice: I can confirm that the options (1-3 as set out above) were considered from a finance and

commercial perspective (only) and concur with the decision reached, namely that option 3 was the preferred and least risk option given the current procurement timetable. It should also be noted that the Agreements in place with both Advisors are not based on a Fixed Fee, and, as the procurement is following a “competitive dialogue” approach with bidders, there are some unknowns, not least the extent of changes we may wish to make to key documentation, and/or timescales. Accordingly, the risk remains that the forecasts noted herein will be subject to change.

Finance Business Partner: Paul Keegan – 21/10/2020

2. Legal Advice: It is recognised that the need to extend the current legal and financial services contracts in relation to the City Leap Procurement places the Council in a situation where it may breach the procurement regulations, and so expose the Council to a risk of challenge. The regulations do however allow for awarding contracts without running the usual competition process in certain circumstances. Officers should fully explore these options, together with any other operational arrangement which will avoid or minimise the risk on non-compliance.

Legal Team Leader: Sinead Willis – 13/10/2020

3. Implications on IT:

No anticipated impact to IT Services in regards to the procurement of financial and legal support contracts. IT Services remain interested as to how the smart and interconnected infrastructure/technologies will be delivered in line with IT and Digital Place strategies

IT Team Leader: Simon Oliver – IT Team Leader – 19/10/2020

4. HR Advice: There are no HR implications evident.

HR Partner: Celia Williams, HR Partner – 21/10/20

EDM Sign-off	Stephen Peacock	13 October 2020
Cabinet Member sign-off	Cllr Cheney	19 October 2020
For Key Decisions - Mayor's Office sign-off	Mayor's Office	2 November 2020

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO