



Report of: Head of Strategy and Investment for Housing

Report to: Director of Communities, Housing and Environment

Date: 19 April 2021

Subject: Approval to procure an external contractor for the provision of online solar PV monitoring services.

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The current external contract for specialist remote data monitoring services for the council's portfolio of domestic solar photovoltaic (PV) power ends in August 2021. A new contractor is needed so that the council can monitor feed-in-tariff energy generation to continue to generate income from Ofgem.
- Solar PV systems are situated on council homes and commercial dwellings which were installed in 2015 with circa 1,000 homes benefitting, and further installations are being planned in 2021 for an additional 34 systems to be situated on the roofs of commercial dwellings across Leeds.
- An open competition procurement is planned, to secure a contractor via YORtender to deliver these required remote data monitoring services. Given the ongoing need for this service that supports income generation and for value for money reasons, a four year contract duration is proposed.
- The estimated pre-tender value of this contract across the proposed four years is £100k, at £25k per year. This cost is offset by the accrual of feed-in tariff income generation from Ofgem. For example, from the period of 2016-2020 this service generated £1.15m of income.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- This service will contribute to the Best Council Plan by supporting the council to be efficient and enterprising, and making the best use of our resources.
- Solar PV systems benefit council residents through saving tenants money on their electricity bills and as such, help to alleviate fuel poverty, and contribute to an overall reduction of city-wide carbon emissions.

3. Resource Implications

- The funding for the monitoring of Solar PV services will come from the Housing Revenue Account (HRA).
- The total cost will be spread over four years. The Housing Revenue Account has appropriate allocations in place, notably £25k this financial year, and £75k across the financial years 2022/23 to 2024/25.

Recommendations

The Director of Communities, Housing and Environment is requested to:

- Approve the proposed open competitive procurement of an external contractor through YORtender to deliver the provision of remote data monitoring services for the council's portfolio of domestic and commercial PV systems.
- Approve authority to spend £100k from the Housing Revenue Account over the financial years of 2021/22, to 2024/25, circa £25k per annum.

1. Purpose of this report

- 1.1 The purpose of this report is to provide information on the Solar PV monitoring service and to gain approval to progress the service including authority to spend £100k from the Housing Revenue Account across the financial years 2021/22 to 2024/25.
- 1.2 This report also seeks approval of the proposed open competitive procurement route to engage an external contractor to deliver the service.

2. Background information

- 2.1 Leeds City Council's housing stock currently comprises 953 Solar PV systems installed on the roofs of domestic homes and 4 systems installed on the roofs of commercial dwellings across the city. In 2021 the council plans include for PV systems to be installed on a further 34 commercial dwellings. The total PV systems which will initially require monitoring through this contract is circa 1000.
- 2.2 The current contract is held by PassivSystems Ltd. In 2015, Contract Procedure Rules 8.1 and 8.2 were waived and a direct award was authorised due to an existing contractual arrangement under the solar PV service through Better Homes Yorkshire. This contract provided Solar PV monitoring systems for the Council for a period of 4 years from 2016/17 to 2019/20.

- 2.3 A decision was then taken in July 2020 to extend this contract for a further 1 year period, until 17 August 2021.
- 2.4 From the period of 2016-2020 online monitoring of council Solar PV has contributed an income of £1.15m to the Housing Revenue Account. Via the energy regulator Ofgem the council will continue to receive income from surplus energy generation which can be used to reinvest in other low carbon initiatives that will benefit housing tenants, and the city as a whole.
- 2.5 A procurement exercise is required in order to competitively procure a contractor to undertake the Solar PV monitoring from the end of the current contract period.

3. Main issues

- 3.1 The contractor's activities will consist of monitoring feed-in-tariff generation of Solar PV energy contributions to the national network grid. This includes:
- Maintaining the provision of Portal Services including, maintaining web browser access, Application Program Interfaces (APIs) for data exchange, user management services, service provisioning, group access management, report sign up, dashboard metrics.
 - Data monitoring services including, SIM activation, configuration of meters and modems, management of communications infrastructure, collection storage and management of data, provision of alarms and system training services.
 - Back-up services including high availability storage, weekly back-ups, data centre security and RAID1 (Redundant Array Independent Disks).
 - Maintenance services including the release of new versions of the portal and Hub on a regular basis.
- 3.2 Close consideration has been given to the length of the contract term. It has been recognised that, for financial reasons, the council's preference is to enter contractors into the shortest contractual term practicable. In this case, given that this contract enables us to generate income to the council and by the nature of the potential external suppliers, a longer term will deliver better value for money.
- 3.3 An NEC3 Term Service Contract (TSC) Option A will be used for all elements of this project. This is a lump sum / interim payment contract for service provision with an activity schedule for pricing.
- 3.4 As part of this project, our joint venture partners (the NPS Group) are providing technical advice to support the procurement of this project to ensure a comprehensive service provider is procured which considers current technological insights. These technical consultancy services will be provided on a time-charge contractual basis with the value of this support capped at £2k.
- 3.5 In November 2020, Procurement and Commercial Services (PACS) conducted an investigation across the range of available procurement framework lots, concluding that no option was available for solar PV monitoring procurements. The East Shires Procurement Organisation (ESPO) framework did contain an option to ask suppliers to consider "unlisted" works.
- 3.6 In December 2020, expressions of interest were sought through the East Shires Procurement Organisation (ESPO) framework with only four of the potential

eighteen providers returning an interest in this contract, indicating that the consumer market in Solar PV monitoring has greater diversity and a competitive procurement of this contract is viable however, with a considerably lower return of interest than expected.

- 3.7 The proposed procurement strategy is therefore an open competitive one stage process through YORtender. This was decided over the East Shires Procurement Organisation (ESPO) framework to give the current solar PV monitoring service provider the opportunity to re-bid for this contract. PACS have contacted all ESPO service providers who have returned an expression of interest to invite them to tender for this contract via YORtender.
- 3.8 The evaluation of the competitive tenders within this procurement will be on a pass / fail threshold for quality, with any successful contractors then being assessed on the lowest feasible cost. This approach will ensure the best contractor available is selected at the most economically advantageous tender. The tender evaluation questions, thresholds and weightings that make up the tender evaluation criteria are being agreed and tenders will be invited on this basis in line with CPR 15.1.
- 3.9 The contract is planned to commence from 16 August 2021 for four years to 16 August 2025.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 This report has been developed by the Capital Projects team and the project team. Advice has been secured from Procurement, Commercial and Legal Services, all of which have reviewed and supported all project proposals.
- 4.1.2 A project consultation was undertaken in April 2021 with the Ward Councillors in the affected wards through a high level communication discussing the project plans and aims of the service.
- 4.1.3 As part of the competitive procurement, the evaluation criteria will include assessments of a contractors approach to local authority communication and engagement to manage any necessary shift of service provision.
- 4.1.4 In April 2021, the current Solar PV monitoring service provider was consulted under the council's TUPE obligations and confirmed that no TUPE obligations are applicable to the current contract.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) screening on this decision has been undertaken and is attached (appendix A). There are no key points arising.

4.3 Council policies and the Best Council Plan

- 4.3.1 This work is aligned to the Best Council Plan's ambitions to:
- Promote sustainable and inclusive economic growth.

- Support the council to be efficient and enterprising, and making the best use of resources.

4.4 **Climate Emergency**

4.4.1 Leeds City Council declared a climate emergency in 2019, acknowledging the urgency with which the city needs to reduce its carbon footprint. This project supports our ambition to make the city carbon-neutral through providing an income stream to fund aligned projects.

4.5 **Resources, procurement and value for money**

4.5.1 The procurement will be carried out in an open and transparent manner in line with Council Contract Procedure Rules and as required by the Public Contract regulations 2015 to identify best value.

4.5.2 The project will be funded from the Housing Revenue Account (HRA) and costs will fall into the financial years 2021/22-2024/2025. Funding of £100K has been allocated for this service. All costs have been reviewed by our commercial team and represents the best pre-procurement estimate of the cost for the service.

4.5.3 From the period of 2016-2020 this service has contributed total income of £1.15m to the Housing Revenue Account (HRA). This contract's duration runs from 2021/22 to 2024/25 and is expected to contribute circa £925K additional income to the HRA.

4.6 **Legal implications, access to information, and call-in**

4.6.1 There are no specific legal impediments or implications and this service is a Strategic Operational Decision as defined under 'article 13' of the council's constitution. It is not subject to call-in.

4.6.2 A Data Protection Impact Screening has been undertaken. This has shown that the contractor will be a data processor, although no personal data is shared through this contract. Any relevant council information governance requirements will be included in the contract.

4.7 **Risk management**

4.7.1 A risk register for the project is in place and will continue to be managed to monitor, mitigate and identify any new risks. Notable risks include:

4.7.2 Service Provider Changeover Delays – given the short turnaround time for the successful bidder to take over the data monitoring service upon contract award, there is a risk that no monitoring will occur for a short period during contract mobilisation. The scope of works document has been updated to inform the successful contractor of the tight timelines and expectations for mobilisation to the satisfaction of the council, however this will continue to be monitored by the project team.

4.7.3 Feed-in Tariff Options – the previously utilised government backed feed-in tariff has closed to new applicants, this means there is a risk that the 34 additional sites proposed in 2021 may not generate income. The project team is including a requirement for the successful contractor to outline an options appraisal of commercially available feed-in tariffs to minimise this loss of income to the council.

5. Conclusions

- 5.1 A new contractor is required to provide solar PV online monitoring services to the range of PV systems installed on the identified domestic and commercial roofs across Leeds.
- 5.2 The required service is to be delivered through the appointment of a contractor from a one stage open competitive procurement process.

6. Recommendations

- 6.1 The Director of Communities, Housing and Environment is requested to:
 - Approve the proposed open competitive procurement of an external contractor through YORtender to deliver the provision of remote data monitoring services for the council's portfolio of domestic and commercial PV systems.
 - Approve authority to spend £100k from the Housing Revenue Account over the financial years of 2021/22, to 2024/25, circa £25k per annum.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.