

Report to Council

Subject: Implementation of Department for Energy and Climate Change (DECC) Fuel Poverty Fund – Procurement Matters

Date: 13 February 2013

Author: Corporate Director (Stephen Bray)

Purpose

- To request Council to waive Contract Standing Orders to appoint contractors to allow for delivery of a fuel poverty project between Gedling Borough Council and Derbyshire County Council, funded through the Department for Energy and Climate Change (DECC) Fuel Poverty fund.

Background

- 1 In late 2012 and at short notice, DECC made available funding to be bid for to support Green Deal implementation and fuel poverty remediation. Following consultation with the Portfolio Holder, the Council joined in a bid to this fund put forward by the Nottinghamshire and Derbyshire Local Authority Energy Partnership (LAEP), along with 13 other districts across Nottinghamshire and Derbyshire. The bid sought funding for a range of measures, both to directly deliver fuel poverty measures, to kickstart Green Deal and improve the availability of data to support future delivery.
 - 2 Notification has now been received that the LAEP's bid has been successful. The Partnership has been awarded £2,184,000 (£2,160,000 capital funding and £24,000 revenue) under the Fuel Poverty element of the funding scheme, and £347,000 (£227,000 revenue and £120,000 capital) under the Energy Efficiency strand of the programme.
 - 3 The Borough Council's involvement relates substantially to the fuel poverty strand of the programme. The Council's share of the funding awarded equates to £152,570 capital funding (all fuel poverty strand) and £4,870 revenue funding (energy efficiency/Green Deal strand). The revenue funding is for the acquisition of software and data to allow for the more accurate identification of the energy efficiency of housing and of fuel poverty. The capital funding is for the delivery of a range of energy efficiency and fuel poverty measures for households with low levels of energy efficiency and in fuel poverty. The vast majority of the funding is for the installation of new fuel efficient boilers and related measures (target figure 50 households) and the installation of full central heating systems (target figure 4 households). The funding has to be spent and outputs secured before 31 March 2013.
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- 4 The funding is available only to private sector households – social housing is funded through separate funding routes and is not eligible for this scheme. Funding is available for owner occupiers or private rented tenants. For those on benefits and eligible for support, installations are likely to be free to the householder, but there are strict eligibility criteria around all measures, relating to householder income levels and current energy efficiency (for example, for boilers, only existing boilers rated at G or worse will be eligible for replacement). Each application will be tested fully against these criteria. The terms of the successful DECC bid require the data package and software funded through the successful bid to be used to target potentially eligible households.
- 5 The Portfolio Holder for Public Protection and Communications agreed on 16 January 2013 to authorise the signing up to an agreement between the Borough Council and Derbyshire County Council to allow the scheme to be progressed in Gedling Borough (decision ref ED 822). That agreement has now been signed.

Proposal

- 6 Officers have been exploring suitable procurement routes for the boiler and related works. Funding for these works will need to go through the Council's capital programme.
- 7 Careful consideration has been given to procurement matters. At the level of expenditure involved, Contract Standing Orders require a formal tendering process. However, given the short timescale allowed by DECC for delivery of the programme, this approach would not allow enough time for the works required to be procured and delivered. The funding will be lost if the works are not completed by 31 March 2013.
- 8 Officers have therefore explored alternative procurement options. One such option would be to use an existing procurement framework¹ to deliver the type of work now required. There is an Efficiency East Midlands Consortium (EEMC) framework agreement for this type of work, but the scope of the framework does not include owner-occupied homes. Given that the target audience for the works involved is for private sector homes (owner occupied and rented), officers have concluded that this framework cannot be used for the procurement of these works.
- 9 Officers have therefore concluded that, in the circumstances, it would be in the best interests of the Council to enter into a contract directly with a contractor capable of carrying out the works to the required standard in the time available while also securing good value-for-money.
- 10 Officers have also given consideration to selection criteria against which an appropriate contractor to carry out these works could be identified. Contractors signed

¹ A Framework Agreement is a procurement tool, through which firms have been subject to appropriate scrutiny and value-for-money checks in line with OJEU and other relevant requirements. It therefore ensures that issues relating to value-for-money, contractor capacity and related matters have been addressed, while minimising bureaucracy in the procurement process. Such Frameworks are widely used in the public sector, including by the Borough Council.

up to the EEMC framework have had to demonstrate their ability to carry out the type of works required, to an appropriate standard and at a competitive price (set out in a pricing schedule).

11 Officers therefore propose that a contractor to carry out the works now required by the Borough Council should be chosen from those contractors included in the current EEMC framework for such works. Should this approach be supported, it is further proposed that the Council should have regard to selection criteria that mirror those in the framework agreement and make its assessment of a suitable contractor on the basis of those criteria and figures included in the relevant pricing schedule. Those criteria should be: -

- a) The actual cost of current and actual completed work undertaken by that supplier;
- b) The supplier's performance²;
- c) The current workload allocated to the supplier;
- d) The geographical location where the services are required'

Financial Implications

12 As outlined above, the successful bid will bring up to £152,570 of capital funding and £4,870 revenue funding into the Borough, as long as the programme can be delivered to eligible households by the 31 March 2013 deadline.

13 The recommended option for procurement outlined above is felt to most effectively minimise the risk of under-delivery once suitable recipients have been identified and approached, and care will be taken to ensure that contracts are suitably worded to minimise further risk to the Council arising from the installation works carried out. However, the overall effectiveness of the programme depends on the ability to identify suitable recipients for the support in the time available.

14 The capital funding for the Gedling Borough DECC Fuel Poverty programme has to be channelled through the Borough Council's accounts. The Portfolio Holder for Public Protection and Communications has already agreed to a virement of £50,000 from the funds awarded into the capital programme to make provision for these works to commence as soon as possible.

15 Council is requested to agree to the virement of the remaining capital funding awarded (£102,570) from those funds to the capital programme to allow for the works to be continued and completed.

Appendices

None.

² This assessment would include an assessment against performance indicators and standards carried out through the consortium

Background Papers

- Memorandum of Understanding DECC Local Authority Competition between DECC and Derbyshire County Council – January 2013
- Nottinghamshire LAEP constitution
- Agreement for the joint delivery of a fuel poverty and Green Deal project between Gedling Borough Council and Derbyshire County Council
- Report to Portfolio Holder for Public Protection and Communications – 16 January 2013

Recommendations

It is recommended that Council agrees: -

- (a) To waive Contract Standing Orders for the procurement of works to deliver the DECC Fuel Poverty fund in Gedling Borough;
- (b) To delegate to the Corporate Director with responsibility for Sustainability the authority to appoint a suitable contractor(s) to carry out these works;
- (c) To vire £102,570 from the capital funds awarded to the capital programme to allow for the works to be completed.