

Report to Leader of the Council

Subject: Approval to award a new contract to continue Green Homes Local Authority Delivery Phase 2 Scheme

Date: 29th July 2022

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Wards Affected

Netherfield

Purpose

To seek approval for the council to apply rule 35.3 iv) of the Council's Contracts and Procurement Rules to award a contract to EON Energy Services Ltd to provide a managed service to deliver the installations associated with the Government's Green Homes Grant Local Authority Delivery Phase 2 (LAD2).

Key Decision

This is a key decision because it is possible it will result in the Council incurring expenditure in excess of £500,000.

Recommendation(s)

THAT the Leader:

- 1) agrees to apply rule 35.3 iv) of the Council's Contracts and Procurement Rules to enable direct award of a new contract to EON Energy Services Ltd to continue to provide a managed service to install measures in accordance with the council's LAD2 scheme proposal.**

1 Background

- 1.1 On 24th April 2021 the Leader of the Council approved the report (see background paper) to submit a proposal to Midlands Energy Hub to accept the councils LAD2 capital allocation of £784,800 to install energy efficiency

measures for low income households living in homes with an Energy Performance Certificate band D to G. The report and proposal detailed the council's intention to appoint EON Energy Services Ltd to deliver the scheme installations on behalf of the council.

- 1.2 On 14th December 2021 the Leader of the council approved a report to implement the LAD2 funding proposal and enter into a contract with EON for the benefit of low income households who will have home energy efficiency measures installed (see background paper). The Council has been working with EON and Nottingham Energy Partnership throughout 2021 and 2022 to ensure eligible householders can access the installations and service.
- 1.3 The Government has now extended the timescale for the LAD2 Scheme to be implemented to the end of September 2022 however the initial contract with EON was in place until 30th June 2022. Despite the Council signing and returning an extension to the contract, EON were unable to obtain the necessary signatures in time and the contract consequently expired. This report seeks approval to enter into a new contract with EON to conclude the LAD 2 scheme.
- 1.4 The contract with EON, to deliver the works to improve energy efficiency in low income households has been prepared to ensure compliance with the LAD 2 Scheme grant funding.
- 1.5 Whilst this is a works contract, the value is such that usually the Council would undertake an open tender process to identify a suitable contractor. However, given the time restrictions an open procurement process would mean that the funding would not be spent in the relevant timescales. The Council's Contracts and Procurement Rules do enable an exception to the usual procurement process where the contract is funded by time limited grant funding from an external body and the time limitations will not allow a full tender process to be completed rule 35.3 iv). Any such contract award must be approved by the relevant Director in consultation with the Chief Financial Officer and Monitoring Officer and must not contravene grant funding conditions however as this is a key decision, the report is being presented to the Leader who has authority to determine all executive decisions.
- 1.6 £221,026 has already been spent delivering the expired contract. The cost of the new contract as set out in this report is not expected to exceed £557,835.92. A JCT Intermediate Building Contract with Contractor's design 2016 (ICD 2016) has been prepared in collaboration with Gedling Borough Council and EON. The contract sets out the terms for both parties and is in alignment with the grant funding conditions.

2 Proposal

- 2.1 It is proposed that the Leader approves the application of rule 35.3 iv) in the Contracts and Procurement Rules to award a contract to EON Energy Services Ltd to provide a managed service to install measures in accordance with the council's LAD2 scheme proposal. This will enable the scheme to be undertaken within the timescales set out in the grant funding.

3 Alternative Options

- 3.1 To not apply rule 35.3 iv) which would therefore not enable the council to enter into a contract in time to deliver works by the funding deadline and would not result in further low income households in Netherfield receiving eligible measures via the LAD2 scheme

4 Financial Implications

- 4.1 The 2022/23 capital programme includes the a carry forward of £726,600 for the Green Homes Grant scheme to be funded by the Local Authority Delivery (LAD) 2 capital grant allocation to Gedling Borough Council. Up to the end of June EON had completed £221,026 of installations for the LAD2 scheme.

The cost of the proposed contract to complete the LAD2 scheme as set out in this report is not expected to exceed £557,835.92 which is the balance of the original contract sum.

The next phase of Green Homes Retrofit known as the Sustainable Warmth Competition will follow the LAD 2 scheme, this has an additional budget allocation and will require a separate contract.

5 Legal Implications

- 5.1 A JCT Intermediate Building Contract with Contractor's design 2016 (ICD 2016) has been prepared in collaboration with Gedling Borough Council and EON Energy Services Ltd. The contract sets out the terms for both parties and is in alignment with the grant funding conditions.
- 5.2 To assist Local Authorities MEH has introduced a Dynamic Procurement System (DPS) where installers could be procured however due to the limited resources available in house at the council to project manage these installers through the installation process the council decided not to pursue this delivery option. The DPS did not offer any 'managed' service contractors such as EON Energy Services who are able to project manage the installations on behalf of local authorities.

- 5.3 Contracts and Procurement Rules rule 35.3 iv) could be applied to enable delivery of this contract to ensure funding timelines are met.

6 Equalities Implications

- 6.1 The Equalities Impact Assessment attached as a background paper outlines that this scheme will positively benefit low income households in Netherfield some of whom may originate from a protected characteristic. The scheme is targeted on a street by street basis for households with a low EPC and low income. The council has partnered with Nottingham Energy Partnership for the customer journey who have dropped letters at the target streets, publicised on social media, presented to the Netherfield steering group and visited households in person door-to-door to raise awareness of the project and generate installation leads/referrals.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 The scheme will install external wall insulation for solid wall homes and solar PV renewable electricity generating roof panels. The insulation will reduce heat loss and associated carbon emissions from heating homes. The installation of renewable electricity generation will reduce carbon emissions associated with electricity from the national grid.

8 Appendices

- 8.1 None

9 Background Papers

- 9.1 Midlands Energy Hub LAD 2 scheme guidance
9.2 Report to Leader Gedling Green Homes Scheme
9.3 Report Leader LAD2 Contract Approval
9.4 Equalities Impact Assessment

10 Reasons for Recommendations

- 10.1 To enable direct award of a contract to EON to ensure that the scheme can be completed within grant funding timescales. The project aims to contribute towards the following outcomes:
- Tackle fuel poverty by reducing energy bills for low-income households by improving the energy efficiency of their home.
 - Corporate priority, *'promoting strong, resilient communities and*

reduce hardship and inequality'.

- Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
 - Corporate priority, *'to promote a sustainable environment.'*
- The phasing out of the installation of high-carbon fossil fuel heating and reducing emissions and improving air quality.
 - Corporate priority, *'to promote a sustainable environment.'*
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs nationwide.
 - Corporate priority, *'to promote and drive sustainable growth across the borough to meet current and future needs'*
- Utilise the role of Local Energy Hubs to build Local Authority capacity and supply chains to deliver energy efficiency at scale.
 - Corporate priority, *to be a high performing, efficient and effective council*