

Report to the Leader of the Council

Subject: Approval to award a contract to deliver Sustainable Warmth Competition, Gedling Green Homes Scheme 2022/23

Date: 25th August 2022

Author: Food, Health and Housing Manager

Wards Affected

Netherfield and Newstead Abbey wards

Purpose

To seek approval for the council to apply rule 35 (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 Sustainable Warmth Competition (Local Authority Delivery Phase 3 and Home Upgrade Grant Phase 1), Gedling Green Homes Scheme 2022/23.

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 of the Council:

- 1) agrees to apply rule 35 (iv) of the Council's Contracts and Procurement Rules to enable direct award of a contract to EON Energy Services Ltd to provide a managed service to install measures in accordance with the council's Sustainable Warmth Competition, Gedling Green Homes Scheme 2022/23.**

1 Background

- 1.1 On 17th March 2022 the Leader of the Council approved the submission of a proposal to Midlands Energy Hub to accept the Council's Sustainable Warmth Competition (SWC) capital allocation of £891,000 to install energy

efficiency measures for low income households living in homes with an Energy Performance Certificate band D to G (see background paper report). The Leader also approved the addition of the allocation to the capital budget to deliver the scheme. The allocation is split into two parts; one part the Home Upgrade Grant Phase 1, £120,000 capital and £12,000 admin and ancillary and the second part is Local Authority Delivery (LAD) Phase 3, £690,000 capital and £69,000 admin and ancillary. The report obtaining this approval and proposal detailed the Council's intention to appoint EON Energy Services Ltd to deliver the scheme installations on behalf of the council. This report seeks approval of the arrangements to implement the SWC funding proposal for the benefit of low income eligible households.

- 1.2 In order to ensure delivery of the scheme in line with the timescales for delivery provided by the government grant, a contractor needs to be appointed as soon as possible to undertake the necessary works. The Council's proposal was approved on the 17th May 2022 and scheme must be completed with all measures installed by the end of March 2023. This is a tight timescale given the volume and variety of measures to be installed in private homes which not all have been specifically identified and deemed eligible. The Council has been working with EON and Nottingham Energy Partnership throughout 2021/22 for the LAD Phase 2 scheme and they have a waiting list of some eligible customers who are interested in measures via the SWC scheme. The experience of the LAD Phase 2 scheme has shown that some households drop out of the scheme after being deemed eligible before installations can commence so it is important to have enough lead in time to identify and assess as many households as possible.
- 1.3 Whilst this would be 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 government grant funding would not be spent within 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 (iv)). Any such contract award must be approved by the relevant Director and must not contravene grant funding conditions. As this is a key decision, the report is being presented to the Leader who has authority to determine all executive decisions.
- 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 terms of the grant funding.

2 Proposal, that the Leader of the Council:

- 3.1 1) approves the application of rule 35 iv) of the Council's 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 Sustainable Warmth Competition, Gedling Green Homes Scheme 2022/23. 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 iv) which would mean the Council could not directly award a contract in time to deliver works by the funding deadline and would result in 69 low income households in Netherfield and Newstead Village not receiving eligible measures via the SWC scheme
- 3.2 To assist Local Authorities MEH has introduced a Dynamic Procurement System (DPS) which could be used to procure installers 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.

4 Financial Implications

- 4.1 The capital programme for 2022/23 includes a budget of £891,000 for the Green Homes Retrofit work 2022 to be funded by the councils SWC allocation 2022/23.

The cost of the proposed contract to complete the SWC is not anticipated to exceed £879,000 as £12,000 of total allocation is available to the Council to cover some of its costs when administering the scheme.

- 4.2 The project will be delivered by EON in partnership with the Council and Nottingham Energy Partnership who provide the customer journey support. As the project is funded by Government grant there are no borrowing costs to the council.
- 4.3 The cost of the contract as set out in this report is not expected to exceed £879,000 to deliver the installation of the measures set out in the scheme proposal.

5 Legal Implications

- 5.1 A JCT Intermediate Building Contract with Contractor's design 2016 (ICD 2016) has been prepared in collaboration with legal from 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 Where a contract is funded time limited grant funding from an external body and time limit do not allow for a tender process to be undertaken, rule 35.3 (iv) of the Council's Contracts and Procurement Rules permit the executive to permit the direct award of a contract to enable delivery within external funding timelines.

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 and Newstead Village 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 25 solid wall homes, 32 homes with solar PV renewable electricity generating roof panels, 5 homes with air source heat pumps and 18 homes with loft insulation. 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 Sustainable Warmth Competition scheme guidance
- 9.2 Report to Leader Gedling Green Homes Scheme
- 9.3 The council's approach to the Gedling Green Homes Scheme
- 9.4 Equalities Impact Assessment

10 Reasons for Recommendations

10.1 To enable direct award of a contract to EON Energy Solutions Limited 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 Net Zero 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*

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer

