

## Report for Resolution

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**Report to** Cabinet  
21 September 2011

**Report of** Director of regeneration & development

**Subject** Contract for community energy saving programme funded works to council homes

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### Purpose

To seek cabinet approval for an exemption to standing orders and enter in to a contract for the delivery of works to council homes for loft, cavity wall and external wall insulation, solar photovoltaic (PV) and new gas boilers and controls which is part funded by the Community Energy Savings Programme.

### Recommendations

To approve the award of a contract to Carillion to deliver loft, cavity wall and external wall insulation and new gas boilers and controls which is part funded by the Community Energy Savings Programme.

### Financial Consequences

The detailed figures are being finalised but the programme will consist of around £2.4m of works split between loft, cavity wall and external wall insulation, solar PV and new gas boilers and controls. The Council will be required to contribute around £1.3m towards this and the balance of £1.1m will be paid for from the Community Energy Saving Programme (CESP) funding. These figures are subject to change but the principle is that the Council will achieve significant works whilst receiving funding for around 44% of the work from an external source. It is proposed that this work is funded from the 2010/11 capital underspend.

### Risk Assessment

In granting an exemption from standing orders for the award of contracts there are two key risks to consider.

First is the risk of challenge from other suppliers. This risk is minimal as the value is well below the threshold in the Public Contracts Regulations 2006 for works (£3.927 million). There is not a valid competition due to the funding allocations.

The second risk is value for money. Without a competitive process it is more difficult to establish that the work completed represents value for money. However, these are works that the Council already completes with other contractors and prices can be compared to these to establish value for money.

## **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority “Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities” and the service plan priorities.

**Executive Member:** Councillor MacDonald - Housing

**Ward:** All wards

### **Contact Officers**

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### **Background Documents**

None

## **Report**

### **Background**

1. Norwich City Council have been approached by Carillion who wish to provide loft, cavity wall and external wall insulation, solar PV and new gas boilers and controls for council homes, which is part funded by the Community Energy Savings Programme.
2. Funding is allocated to suppliers such as Carillion for specific areas. In this case the areas within the city are: Barrack, Mousehold, Central West, City North West, Clover Hill, Marlpit, Coleman, Mansfield Queens, North Earlham, and Thorpe Hamlet Rouen. For a contract of this nature the Council would usually advertise the contract and require tenders. However, in this case because of the CESP funding there is not a valid competitive process and for this reason a variation from contract standing orders is sought.
3. Exact figures are yet to be finalised but the programme will consist of around £2.4m of works split between the work elements outlined in paragraph 1. The Council will be required to contribute around £1.3m towards this with the balance of £1.1m being paid for from the Community Energy Savings Programme (CESP) funding. These figures are subject to change but the principle is that the Council will achieve significant works whilst receiving funding for around 44% of the work from an external source.
4. The works will consist of 18 installations of external wall insulation, 665 new boilers and heating control replacements, 451 loft insulation top ups and 800 solar PV installations. There will be a feed in tariff (FIT) to be paid to NCC on an annual basis for 25 years of approx £100k per year and the tenants will also benefit from reduced energy costs due to free day time electricity.

### **Contract and value for money**

5. The Council will be required to enter in to a contract with Carillion for the delivery of these works. The funding opportunity may only be available for a short time as Carillion are keen to deliver the works and may start discussions with another authority if the city council is unable to approve the works. Clearly any delays may lead to the loss of a significant funding opportunity and ability to deliver significant improvements for a reduced cost.
6. Completion of these works will reduce carbon emissions and reduce costs for tenants living in those homes where the work is completed. The level of grant aid is significant (44%) and this represents an opportunity to enhance the council's investment programme and deliver works of direct financial benefit to tenants. In terms of value for money the council will compare costs of the individual elements with similar works that have previously been competed for and will not support works where there is an unacceptable variation.