

Report for Resolution

Report to	Cabinet 13 July 2011	Urgent item This item is a key decision and may be considered under rule 17.1 of appendix 7 of the council's constitution
Report of	Head of Procurement and Service Improvement	
Subject	Contract for Community Energy Saving Programme funded loft, cavity wall and external wall insulation and new gas boilers and controls	

Purpose

To seek approval from cabinet to enter in to a contract for the delivery of works to council homes for loft, cavity wall and external wall insulation and new gas boilers and controls which is part funded by the Community Energy Saving Programme.

Recommendations

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

Financial Consequences

The figures are yet to be finalised but the programme will consist of around £808,000 of works split between loft, cavity wall and external wall insulation and new gas boilers and controls. The Council will be required to contribute around £476,000 towards this and the balance of £332,000 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 40% of the work from an external source.

There is budget allocation to cover these works.

Risk Assessment

Funding is allocated to suppliers such as British Gas for specific areas. In this case the area is Bowthorpe. Comparisons have been made with other potential suppliers who can only provide 17% funding for the same area.

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.

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 SPC 3(b) - complete the eco-retrofit of over 800 council homes, including loft insulation, replacement windows and doors and OC 3 – achieve a two star and improving audit score for our housing landlord services by April 2011.

Cabinet Member: Councillor MacDonald - Housing

Ward: Bowthorpe

Contact Officers

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Background Documents

None.

Report

Background

1. Norwich City Council have been approached by British Gas who wish to provide loft, cavity wall and external wall insulation and new gas boilers and controls for council homes which is part funded by the Community Energy Saving Programme.
2. The figures are yet to be finalised but the programme will consist of around £808,000 of works split between loft, cavity wall and external wall insulation and new gas boilers and controls. The Council will be required to contribute around £476,000 towards this and the balance of £332,000 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 40% of the work from an external source.
3. The works will consist of 40 installations of external wall insulation, 171 new boilers and heating control replacements, 188 loft Insulation top ups and 2 PVCu window installations.

Contract and value for money

4. The Council will be required to enter in to a contract with British Gas for the delivery of these works. The funding is only available if the Council reaches agreement to award the contract and commence works to allow the programme to be completed by March 2012. The next meeting of Cabinet is not scheduled until 23 September 2011 by which time it will be too late to agree the contracts and complete the required works by March 2012 and the Council will lose a significant funding opportunity and the ability to deliver significant improvements for a reduced cost.
5. Completion of these works will reduce carbon emissions and reduce costs for tenants for those properties where the work is completed.