



# NORWICH City Council

**Committee Name: Cabinet**

**Committee Date: 06/04/2022**

**Report Title: Social Housing Decarbonisation Fund Contract Award**

**Portfolio:** Councillor Harris, Deputy leader and cabinet member for social housing

**Report from:** Head of Strategy, Engagement and Culture

**Wards:** Wensum and Catton Grove

## **Purpose**

To recommend the award of a contract to deliver insulation measures to 45 council owned homes in Norwich, funded from the government's Social Housing Decarbonisation Fund grant scheme and the Thermal Comfort budget in the HRA.

## **Recommendation**

To award a contract up to a maximum value of £1,205,000 to E.On Energy Solutions Ltd., via a direct award from the Fusion 21 framework.

## **Policy Framework**

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the sustainable and healthy city corporate priority

## **Report Details**

### **The Social Housing Decarbonisation Fund**

1. Following a bid in Autumn 2021, the Department for Business, Energy & Industrial Strategy (BEIS) awarded £0.855m of funding to the council in February 2022 through the Social Housing Decarbonisation Fund.
2. Combined with a £0.350m existing budget within the approved 2022/23 HRA capital programme, the total funding of £1.205m will enable 45 homes that are of “Wimpey no-fines” concrete-based construction to benefit from solid wall insulation which will enable their energy efficiency rating to be increased to an EPC C rating. The majority of these are currently D, E, F and G.
3. This grant was accepted into the budget by Cabinet on 9 March 2022.
4. The 45 properties have been identified during previous housing stock analysis as some of the worst performing homes in terms of energy efficiency, in particular when looking at EPC data, which would benefit strongly from insulation work. The work should deliver energy bill savings in the region of £8,000 a year (across all homes) and save over 3,000 kWh in energy per year.
5. The conditions of the funding require all works to be complete by 30 April 2023 with any remaining funding returned to the awarding body.

### **Delivery of the works**

6. An installer needs to be contracted to install the insulation work. This is a wide-ranging project where the installer is required to carry out a wide range of works – confirming tenant eligibility, carrying out pre installation surveys, carrying out works and post work energy performance certificates and surveys. As well as this, pre and post installation surveys may also identify further ancillary work needed, such as guttering. Furthermore, given the weather dependent nature of the works, and the grant requirement that work must be completed by 30 April 2023, delivery needs to commence as soon as possible.
7. A suitable procurement framework has been identified - Fusion 21 Energy Efficiency Framework; using a framework enables us to procure a contractor in line with the deadlines required whilst also assuring value for money, quality and delivery capability.
8. The framework provides assurances around business probity, professional standing, health and safety policy and capability, financial capability, accreditations, carbon reduction plans, supply chain management and past performance.
9. Given the complex nature of the work, as described in paragraph 6, there are not many suppliers with the capability and capacity to deliver the works, hence the pursuit of a framework of quality assured specialist suppliers.
10. E.On Energy Solutions Ltd has been identified as the only supplier on the framework with the capacity to deliver these works, based on an assessment of

size and capacity of the companies to deliver a significant project in a short timeline. The recommendation therefore is to directly award the contract to E.On Energy Solutions Ltd, in accordance with the rules and procedures set out in the framework agreement, and in accordance with the Public Contract Regulations 2015.

11. Under this framework, for every £100,000 spent, a minimum of 10 credits are given for additional social value projects and commitments. These commitments cover training, education, employment, community engagement, material donation. By awarding through the framework, we will secure added social value and contract management support from Fusion 21.
12. Department for Business, Energy and Industrial Strategy (BEIS), who are providing the funds, are also content that E.On Energy Solutions Ltd has the capacity to deliver.

### **Consultation**

13. Regular engagement will be undertaken with residents in the targeted areas before and throughout grant delivery in a variety of ways, compliant with the processes set out in the grant funding and in line with industry best practice. This will include, in the first instance, letters to potentially eligible households, followed by visits in the community. Residents will be able to indicate their interest (or lack of) and will have a clear choice whether or not to be involved with the works. Any data sharing will be guided by a Data Sharing Agreement.
14. Ward Councillors for relevant wards have been informed and will be briefed before any works begin.

### **Implications**

15. There are no further implications other than those stated in this report.

### **Financial and Resources**

16. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
17. On 22 February 2022, Council approved a Thermal Comfort budget of £0.350m within the 2022/23 HRA capital programme
18. On 9 March 2022, Cabinet approved the addition of £0.855m to this budget to increase the overall available budget to £1.205m, which will fund these works
19. The additional budget is fully funded from the BEIS Social Housing Decarbonisation Fund.
20. The contract will be managed using existing resource within the Environmental Strategy Team.

## Legal

1. Requirement of the Public Contract Regulations 2015 are met by using the Fusion21 Framework. The framework terms permit a direct award.

## Statutory Considerations

| Consideration                      | Details of any implications and proposed measures to address:   |
|------------------------------------|---|
| Equality and Diversity             | No statutory considerations affected  |
| Health, Social and Economic Impact | This work will have a positive impact as the scheme is focused on improving energy efficiency in the city, particularly in low income housing and/or households identified to be in fuel poverty. |
| Crime and Disorder                 | Neutral   |
| Children and Adults Safeguarding   | Neutral   |
| Environmental Impact               | This work will improve the fabric of some of the worst performing homes in Norwich, considerably reducing carbon emissions  |

## Risk Management

| Risk   | Consequence   | Controls Required   |
|--|---|---|
| Issues with installation impacting residents | Loss of reputation to council<br><br>Possible remedial works required         | All installers will be Trustmark registered<br><br>Regular inspections by council staff will take place |
| Works not installed by scheme deadline       | Loss of reputation to council<br><br>Loss of beneficial impacts for residents | Award of contract to allow us to start delivering work  |

## Other Options Considered

2. Do nothing: The funding has been applied for and approved, if we do not complete the works then it will be lost, which may cause reputational damage, and the low-income homes will not benefit from the savings. This option is not recommended.
3. In house provision: Norwich City Council does not have any existing in-house provision for this work. This option is not recommended.
4. NCS provision: The service cannot currently be provided by the Council's wholly owned company, NCS. This option is not recommended.

**Reasons for the decision/recommendation**

5. This approach is recommended so that works can be completed on schedule, to the required quality and in line with the requirements of the grant and the Council's procurement procedures.

**Background papers:** None

**Appendices:** None

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