



NORWICH City Council

Committee Name: Cabinet

Committee Date: 23/02/2022

Report Title: The award of a contract for loft and cavity wall insulation to council owned homes

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

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To consider awarding a contract for loft & cavity wall insulation to council owned homes.

Recommendation:

To approve the award of a contract for loft and cavity wall insulation work to 1st Choice Insulations Ltd, from 01 April 2022 to 31 March 2027 at an estimated value of £2,500,000 excluding VAT, over five years (£500,000 per annum). The final award value will be within the existing allocated budget.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the “great neighbourhoods, housing and environment” corporate priority

This report addresses the “good quality housing” strategic action in the Corporate Plan

This report helps to meet the “housing, regeneration and development objective of the COVID-19 Recovery Plan

Report Details

Identification of need and background

1. This contract is to appoint a single supplier to deliver loft and cavity wall insulation to council owned homes. The contract includes other ancillary items such as insect infestation treatment to roof timbers, improved ventilation to roof spaces, mould treatment works and the replacement of insulated loft hatches.
2. Works are mainly of a planned nature. Therefore, works for the first year of the contract have already been identified pending Cabinet approval to award this contract. We anticipate some additional and responsive upgrade work to be identified during the course of the first year (2022-23) and throughout the duration of the contract.
3. The contract period is up to five years, consisting of an initial three-year term with the option to extend for a further two years, depending on satisfactory performance and annual budget approval.
4. The work is designed to improve energy efficiency of council owned homes, reducing the carbon footprint of the dwelling and tenant's utility bills.

Procurement

5. A competition procurement process was carried out by Eastern Procurement Limited (EPL) who assessed the requirement as works. Seven suppliers under Lot 7 of their Dynamic Purchasing System (DPS) for Asset Solutions were engaged.
6. A further benchmarking exercise was undertaken, and suppliers were asked to quote for example works that may be required throughout the term of the contract. Work volumes are not guaranteed over the course of the contract.
7. Tenders were evaluated with a maximum of 50% of the available marks awarded for price and 50% of the marks awarded for quality criteria.
8. Despite there being seven suppliers on the framework, only two submitted tenders. The cost and quality scores achieved by the two bidders are set out in the table below:

Company	Price	Price score	Quality Score	Total Score
1 st Choice Insulations	£454,553.50	50	38	88.0
Breyer Group PLC	£993,056.97	22.89	30	52.89

9. The supplier offering the best value for money from the benchmarking exercise was 1st Choice Insulations at £454,553.50. The value of works is up to a maximum of £500,000 per annum depending on the number of additional properties requiring works for each financial year.

10. The procurement exercise has been undertaken in accordance with the council's contract procedures. It has been conducted fairly, transparently, in an open and regularised way that conforms to relevant legal requirements.
11. On the basis of the tenders received, we anticipate, subject to cabinet approval, for EPL to issue the official award to the successful supplier after the Scrutiny call-in period in order for the contract to start 01 April 2022.
12. The full awarded value of the contract over the full five years will be £3million inclusive of VAT.
13. 1st Choice insulations are a locally based contractor employing its workforce from the local area.
14. We anticipate (based on previous years installations) that the contract will benefit between 400-500 properties per year through the term of the contract.

Consultation

15. No leaseholder consultation is required.

Implications

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 2019-22 and Budget.
17. The value of the contract is a maximum of £2,500,000 over the full five years (£500,000 per annum). The works will be funded from an HRA revenue budget, included within the 2022/23 budget proposed to Council for approval on 22nd February 2022.
18. Future years budget requirements will depend upon identified demand, but it is anticipated that the requirement will continue at a similar value.
19. There are no proposals in this report that would reduce or increase resources.

Legal

20. The contract will be subject to the EPL Asset Solutions Dynamic Purchasing System contract and CDM Regulations 2015 together with Norwich City Council's Schedule of processing, personal data and data subjects.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	No material implications

Consideration	Details of any implications and proposed measures to address:
Health, Social and Economic Impact	These works ensure that tenants can live in warm, well maintained homes that are fit for purpose and comply with current social landlord legislation.
Crime and Disorder	No material implications
Children and Adults Safeguarding	The council's safeguarding statement is included as part of the tender package.
Environmental Impact	The work is designed to improve energy efficiency and reduce the carbon footprint of dwellings.

Risk Management

Risk	Consequence	Controls Required
Without a contract in place, the council will not be able to deliver insulation improvements to the scale that is required in a large housing stock.	This could contribute to higher fuel bills for tenants, fuel poverty and defects such as damp / mould growth in homes which may lead to compensation claims.	If cabinet agree to award the contract, appropriate properties are targeted to ensure most effective use of the budget and by contract performance monitoring.

Other Options Considered

21. **Do nothing:** If the works are not carried out some tenant's homes would miss out on energy saving insulation upgrades at a time when utility bills are rising sharply.
22. **In house provision:** The council does not have any existing in-house resources to undertake these works.
23. **Joint venture provision:** The service cannot be provided by any of the council's current joint ventures or partnerships at this current time.
24. **Identify a single supplier to award the contract to without competition:** This route would be contrary to Contract Procedures as the value is up to a maximum of £500,000 per annum.
25. **Establish competitively tendered contract with one supplier:** Run a competitive procurement exercise advertised as an 'open' procedure to look for a single supplier to meet the council's requirements. This is as per the council's contract procedures for the procurement of contracts of over £25,000. Although timescales allowed for the requirement to be fulfilled by this method, the EPL Dynamic Purchasing System option as detailed below was already in existence still promoting value for money.
26. **Utilise an existing framework:** [Eastern Procurement Ltd \(EPL\)](#) is a not-for-profit organisation offering specialist compliant framework agreements, social landlords and other public sector bodies, predominantly in the Eastern region. The council are owner members of EPL and work closely with them to create

bespoke procurement frameworks and Dynamic Purchasing Systems (DPS). The frameworks and DPS's promote value for money for the council and include SMEs and local suppliers. As a member of EPL, the council benefits from the lower rates achieved from aggregation from all of its members.

A mini-competition exercise of the suppliers under Lot 7 of the DPS for Asset Solutions provided by EPL was explored and this was found to be the best solution for the contract requirements.

Reasons for the decision/recommendation

27. To ensure timely award of a contract enabling the delivery, by a single supplier, of insulation works to council owned homes and associated works over the entire five-year period of 01 April 2022 to 31 March 2027.

Background papers:

None

Appendices:

None

Contact Officer:

Steven Cleveland

Telephone number: 07718 673797

Email address: steven.cleveland@nps.co.uk