

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

1. **HEADING** **Award of Domestic Energy Saving Service Contract**
- Submitted by:** **Executive Director (Regeneration &Development)**
- Portfolio:** **Environment and Recycling**
- Ward(s) affected:** **All**

Purpose of the Report

To seek approval to enter into a contract with Climate Energy Ltd to deliver a Domestic Energy Saving Service.

Recommendation

To award the Domestic Energy Saving Service contract to Climate Energy Ltd to start in February 2015 for a two year period with the option to offer two one year extensions subject to successful service delivery.

Reasons

Cheshire West and Chester Council has led a competitive tendering process to select an experienced company to deliver a comprehensive service that all residents can access for energy efficiency advice, finance and installation of energy saving measures. The Council is now in a position to contract with Climate Energy Ltd, it is therefore appropriate that Cabinet makes a decision to enter into this contract.

1. **Background**

- 1.1 The Council has produced a statutory report The Home Energy Conservation Act (HECA) Progress Report 2013-2015 outlining practicable, cost effective plans which are likely to result in significant improvements in the energy efficiency of homes in the borough and a reduction in fuel poverty by promoting and supporting key government programmes such as Green Deal and Energy Company Obligation (ECO).
- 1.2 The HECA report indicated that the Council would look to take a partnership approach to Green Deal and ECO, working with Stoke on Trent City Council and Cheshire West and Chester Council to establish an agency, which will secure ECO funding and manage Green Deal across the North Staffordshire region and into parts of Cheshire. This would build on the successful Warm Zone partnership with the three local authorities.
- 1.3 Significant changes in energy policy and funding programmes introduced by the Government have increased competition between service providers and therefore it was considered necessary to test the market for a service provider.

2. **Issues**

- 2.1 Cheshire and West Chester Council agreed to lead on the procurement of a service and a project working group of officers from the three Councils' prepared a specification, engaging legal and procurement colleagues as necessary.
- 2.2 A tendering exercise has been carried out in accordance with local authority Procedure Rules and EU Procurement Regulations. The works provision falls within OJEU regulations and an OJEU restricted procedure has been followed. The OJEU notice to tender was published in August 2014 and includes the provision for other bordering local authorities and local authorities with the Stoke-on-Trent and Staffordshire and Cheshire and Warrington Local Enterprise Partnership area to utilise the Domestic Energy Saving Service.
- 2.3 Tenders were invited by advertisement on the Cheshire West and Chester Council's website. The tender was posted electronically through the CHEST e-tendering platform. Sixty organisations viewed the tender opportunity online and six completed tenders were received accordingly.
- 2.4 All six tenders were evaluated in accordance with the tender assessment detailed in the tender documentation. This comprised an initial quality evaluation of the organisation's economic and financial standing and professional and technical ability based on a pass/fail gate. Tenders which passed the quality evaluation were then subject to a Technical Assessment in accordance with the contract award criteria to result in a Best Technical Score. Further to this, the two highest scoring organisations were invited to attend clarification and moderation scoring meetings.
- 2.5 The outcome of the tender process was that Climate Energy Ltd have been chosen as the preferred contractor. This company was established in 2001 and has worked with approximately 120 local authorities to date. It is currently working with 27 Council's located in the south and south west of England to deliver Green Deal and ECO programmes. The company have reported to have delivered £76.6m of ECO funding through contracts with several energy companies.
- 2.6 The specification fully detailed the service to be provided and performance monitoring arrangements. This will include a joint strategic group meeting once every 6 months and a formal local (LA specific) meeting every three months.

3. **Proposal and Reasons for Preferred Solution**

- 3.1 The proposal is to award the contract for the management and delivery of a Domestic Energy Saving Service to Climate Energy Ltd for a two year period with the option to renew at the end of the period, subject to the success of the service, for two one year extensions potentially until February 2019.
- 3.2 This will enable the Council to work with an experienced provider (already operating in the market place) to deliver a comprehensive service that all residents can access for energy efficiency advice, finance and installation of energy saving measures.
- 3.3 The responsibilities of the service provider will include (but is not limited to):
 - Developing partnerships with funding providers;
 - Creating partnerships with Green Deal Providers;
 - Financial management of energy efficiency schemes including the negotiation and securing of grant funding (e.g. ECO) to subsidise the cost of energy saving measures;

- Managing and awarding work to installers on a housing retrofit Framework;
- Providing home energy assessments (incl. Green Deal Assessments) to determine suitability of property for energy saving measures;
- Providing impartial energy and welfare benefit advice service on domestic energy issues to the residents;
- Providing impartial Green Deal advice to commercial businesses;
- Providing customer support pre and post energy efficiency installations;
- Developing partnerships with local agencies, third sector agencies and housing associations to deliver objectives as agreed by the Council;
- Promoting and marketing energy efficiency and affordable warmth schemes to increase take up;
- Assisting with the development of bids to external and internal funding sources which support the aims and objectives of the service.

3.4 The benefits of having this service include:

- Reducing energy consumption for local residents;
- Tackling cold homes by making homes warmer and healthier;
- Reducing local CO₂ emissions;
- Local economic and physical regeneration;
- The creation and maintenance of local jobs and skills; and
- Support wider local strategic priorities e.g. health and poverty.

4. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

4.1 The availability of a local Domestic Energy Saving Service will contribute to the corporate priorities of creating an active and healthy community and a cleaner and sustainable Borough

5. **Legal and Statutory Implications**

5.1 The Home Energy Conservation Act 1995 places a statutory obligation upon the Council to identify practical and cost effective measures which are likely to result in a significant reduction in energy consumption in residential accommodation in the area. The provision of an energy saving service to maximise Green Deal and ECO funding is a major element in the Council's current HECA Report 2013/15.

5.2 The service provider will be required to enter into a contract produced by Stoke City Council's Legal Services which has been agreed by the other authorities involved in the joint procurement exercise. The contract is for a period of two years from February 2015 with provision to extend for two additional periods of one year's duration.

5.3 The Council will enter into a contract directly with the service provider and is responsible for satisfying itself that the contract is suitable for their purposes.

6. **Equality Impact Assessment**

6.1 As part of the comprehensive procurement exercise it was a requirement that the successful company demonstrate compliance with all equalities legislation. The Council is confident that the Domestic Energy Saving Service would be beneficial to all residents of the Borough and

particularly those that are vulnerable, as there is a correlation with vulnerability and fuel poverty.

7. **Financial and Resource Implications**

- 7.1 The service has been tendered on the basis that there is no revenue funding available from the members of the Partnership. In the event that members are able to access various sources of UK and European funding then an agreed management fee will apply.
- 7.2 Where capital funding is available from partnership members this will be used to subsidise the cost of installing measures to incentivise take up by targeted households or at particular localities or house types in their district. Funding of £80,000 has been allocated through the Housing Capital Programme. For future years it is proposed that funding will be considered as part of the Capital Programme preparation process.

8. **Major Risks**

- 8.1 All risks associated with the procurement of the contract have been adequately managed.

9. **Sustainability and Climate Change Implications**

- 9.1 The Domestic Energy Saving Service will have a positive impact on sustainability and climate change.

10. **Key Decision Information**

- 10.1 The Energy Saving Service will be available to residents in all wards

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 Reports to Cabinet: 19th October 2012 and 6th March 2013 to allocate capital funding.
- 11.2 Delegated approval: 13th August 2013 to enable Cheshire West and Chester Council to lead to procurement and 19th November 2014 to select the preferred contractor.

12. **List of Appendices**

- 12.1 None

13. **Background Papers**

- 13.1 Domestic Energy Saving Service Tender Specification