

## RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

### \*PART 1 – PUBLIC DOCUMENT

#### SERVICE DIRECTORATE: REGULATORY

#### 1. DECISION TAKEN

- 1.1 The award of the contract to YES Energy Solutions (as preferred contractor under the Council's Park Homes Insulation Scheme, which has been awarded funding from the Department for Business, Energy and Industrial Strategy, under their Green Homes Grant Local Authority Delivery Phase 1b Scheme.)

#### 2. DECISION TAKER

- 2.1 Anthony Roche, Managing Director

#### 3. DATE DECISION TAKEN:

- 3.1 20<sup>th</sup> August 2021

#### 4. REASON FOR DECISION

- 4.1 The Council has been awarded £744,160 Green Homes Grant Local Authority Delivery Phase 1b (GHG LAD1b) funding from the Department for Business, Energy and Industrial Strategy (BEIS). BEIS sent grant monies to the Council in March 2021. LAD1b schemes are to run until 30<sup>th</sup> September 2021. The funding is to provide external wall insulation to eligible Park Homes under the Council's Park Homes Insulation Scheme, to improve energy efficiency and reduce fuel poverty.
- 4.2 This decision concerns approximately £208,000 of the award, for capital and ancillary works to be carried out by the contractor under Contract.

#### 5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 None as the deadline set by BEIS for completion of works is 30<sup>th</sup> September 2021, pursuant to a single tender approval YES has been appointed. Failure to proceed in the recommended way would result in most of the award being returned to BEIS unspent.

#### 6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)

- 6.1 The Executive Member for Housing and Environmental Health, Cllr Gary Grindal and the Deputy Executive Member for Housing and Environmental Health, Cllr Sean Prendergast have been consulted and are both supportive of this decision, as has the Leader of Council.
- 6.2 Public consultation has been limited to liaising with site owners and managers. The site owner for the selected site is aware of the change of contractor and agrees with the proposals.

#### 7. FORWARD PLAN

- 7.1 This decision is not a key Executive decision and has therefore not been referred to in the Forward Plan, see 8.1 and legal implications below.

## **8. BACKGROUND/ RELEVANT CONSIDERATIONS**

- 8.1 The background to the scheme was set out in some detail in the record of decision made under delegated authority, on 22<sup>nd</sup> March 2021. In essence, the government invited Local Authorities to bid for funding for schemes to improve energy efficiency and reduce fuel poverty. Officers submitted a proposal to install external wall insulation to 75 Park Homes. The bid was successful, and following submission of required project documentation, in March 2021 the Council received £744,160 from BEIS towards the scheme costs.
- 8.2 In March 2021, the decision was made to procure our chosen contractor through a Direct Award under the EEM Procurement Framework.
- 8.3 Officers consulted the Fire Officer about the scheme and proposed specifications, who recommended that if possible mineral wool be used as the core material, rather than the more commonly used polystyrene, to reduce flammability. This pushes the average unit cost above the BEIS limit of £10,000. BEIS agreed to the proposed change, but would not increase the permitted average unit cost.
- 8.4 At its meeting of 29<sup>th</sup> June 2021, Cabinet agreed that £30,000 slippage from Private Sector Grants (HRAG) be used to finance the expenditure that is not covered by the BEIS grant.
- 8.5 Guidance for the implementation of new (PAS) retrofit installation rules, which were to be implemented from July, then caused LAD1 schemes for Park Homes to be halted, as they required multiple measures which would no longer be achievable nor affordable under the scheme. Feasibility studies were carried out into what could be deliverable, then BEIS arranged for the transition period for the rule change to be extended, but did not extend the scheme deadline.
- 8.6 Preparations resumed for our single measure scheme, until our contractor advised that they were no longer in a position to sign the contracts. Due to the skewed market, caused by the proliferation of concurrent initiatives all vying for completion within three months, and pressures on a reduced pool of installers, they had lost our installation team and no longer had the capacity to deliver our scheme.
- 8.7 Due to the delays, it would no longer be possible to upgrade 75 homes as originally planned, but officers sought to find a suitably qualified contractor with capacity to upgrade as many homes as realistically possible before the end of September deadline for completion works.
- 8.8 YES Energy Solutions are a Community Interest Company with whom the Council is already working under our boiler scheme. They have the necessary certification for such work as required by BEIS, and are already delivering a similar LAD1 scheme for another Local Authority. They currently have capacity to provide an installation team. If we are ready in time for technical surveys to start in August, we estimate that up to 20 installations could take place in September.
- 8.9 The current forecast is for 10-15 completed installations, however the actual number is not certain. There is currently a lead in time for supply of mineral wool of 4 weeks, and a minimum order for production, so it will be necessary to proceed swiftly to identify eligible households and properties. Further risk factors are that the insulation works cannot be carried out during wet weather, and we are in peak holiday period.

## **9. LEGAL IMPLICATIONS**

- 9.5 A delegated decision is required for any contract award over £50K.

- 9.6 Paragraph 14.6.10(b)(vii) of section 14 of the Council's Constitution gives the Service Director - Regulatory the authority to exercise functions relating to, among others, housing grant and loans. The Executive Member for Housing and Environmental Health is responsible for the leadership, strategic planning and development, partnership working and decision making within the above listed service area under this paragraph 14.6.10. In his absence the Managing Director can exercise such functions as per 14.6.2 (f).
- 9.6 On 6<sup>th</sup> and 13<sup>th</sup> August 2021 the relevant Service Directors agreed to the procurement of YES Energy Solutions on a Single Supplier basis in accordance with Rule 14 of the Council's Contract Procurement Rules.

## **10. FINANCIAL IMPLICATIONS**

- 10.1. None. The BEIS award exceeds the cost that will be incurred. The excess over BEIS expected average unit cost can be met from unspent Private Sector Grants, as approved in June. Considerable preparation work has taken place to deliver a scheme. Whilst this can be recovered from the BEIS award, it is considered preferable for this to also have achieved some reduction in fuel poverty, as proposed.
- 10.2. It is not anticipated that we will be able to achieve more than 10-20 installations before the scheme ends. Therefore, although the estimated average unit cost of insulation works is nearly £1200 more than for the previous contractor, depending on the size of homes, there is more than sufficient within the BEIS award and the available Private Sector Grant budget to meet the cost.

## **11. RISK IMPLICATIONS**

- 11.1 The Risk Matrix is contained within the Memorandum of Understanding between the Council and BEIS.
- 11.2 When agreeing to the change of contractor, BEIS advised that we check that our Chief Internal Auditor is still happy that we are seeking to achieve Value for Money, because of the reduction in capital measures. This has been done.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equalities implications arising from this decision.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The "go local" policy has been considered, and a local contractor invited, but there are no local suppliers with expertise and capacity to meet the contract specification in the required timescale.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1 The funding was awarded under the government's Green Homes Grant – Local Authority Delivery (LAD) Scheme. The LAD scheme aims to raise the energy efficiency of homes with low Energy Performance Certificate (EPC) ratings, including homes off the gas grid, occupied by low-income households. The scheme forms part of the government's package of Covid-19 economic stimulus measures. Delivery of the proposed scheme will help reduce fuel poverty and improve the insulation of some of our most energy inefficient homes. Carbon savings are a reporting requirement of the scheme.

**15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no human resource implications directly related to this decision.

**16. BACKGROUND PAPERS**

16.1 Record of decision made under delegated authority, March 2021.  
Report to, and decision of, Cabinet June 2021: Investment Strategy (Capital and Treasury) End of Year Review 2020/21  
Report of Service Directors of Resources, Legal and Community, and Regulatory, ID 22-21.

**17. APPENDICES**

17.1 None.

**NOTIFICATION DATE**

20.8.21

**Signature of Executive Member Consulted (Leader)**

Date ...19.8.21.....

**Signature of Decision Taker**

**Please Note:** that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in. This is a non-executive decision.

**Call-in does not apply to NON-EXECUTIVE DECISIONS**