

REPORT FOR: **CABINET**

Date of Meeting:	10 April 2014
Subject:	Appointment of a contractor to deliver works arising from a successful bid to Department of Energy and Climate Change under the Green Deal Communities Fund
Key Decision:	Yes
Responsible Officer:	Paul Najsarek, Corporate Director of Community, Health and Wellbeing
Portfolio Holder:	Councillor Barry Macleod-Cullinane, Deputy Leader and Portfolio Holder for Adults and Housing
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	None

Section 1 – Summary and Recommendations

This report describes the outcome of a bid for funding to Department of Energy and Climate Change under the Green Deal Communities Fund, the conditions of that grant funding and the requirement to urgently procure a contractor to enable the Council to deliver those requirements within the short timescale.

Recommendations:

Cabinet is requested to:

- 1) Delegate authority to the to the Corporate Director of Community, Health and Wellbeing, in consultation with the Housing Portfolio Holder, to award a contract to deliver energy efficiency works utilising grant funding awarded to Harrow by the Green Deal Communities Fund.
- 2) Delegate authority to the Corporate Director of Community, Health and Wellbeing, in consultation with the Housing Portfolio Holder, to authorise expenditure from the Housing Revenue Account to include energy efficiency works to a number of Council owned houses in the contract up to a maximum value of £800,000.

REASON: (For recommendation)

In January 2014 the responsibility for the delivery of the Climate Change strategy transferred from Environment and Enterprise to Housing. On 28th March 2014 the Council was awarded £1,457,100 grant funding from the Green Deal Communities Fund to deliver principally solid wall insulation in private homes. The Council must utilise the grant funding by March 2015, but this work can only be completed during good weather. It is therefore critical to award the contract as soon as possible so we maximise the opportunity provided by the Summer months to carry out the works and deliver warmer homes to as many Harrow residents as possible.

Section 2 – Report

1. Background

- 1.1 In 2013 the Council submitted a bid to the Department of Energy and Climate Change for grant funding to deliver a number of initiatives to provide warmer homes to residents in Harrow's private housing stock. Officers in Environment & Enterprise and Housing worked together on the detail of the bid as it was the intention to target a designated area of the Borough where there was known fuel poverty and include properties owned by the Council in the improvements.
- 1.2 On 28th March the Council was notified it had been awarded £1,457,100 grant funding, which is excellent news. However there are conditions attached to the grant funding that mean the Council has to act very quickly if it is to use the grant funding in the most effective way by the deadline of March 2015.

- 1.3 Officers attended a seminar on 2nd April to learn more about these conditions and learned that the government want to see the bulk of the grant funding spent on solid wall insulation. This is good news as it is known to have a significant impact on reducing residents' fuel bills but the nature of the works to install this type of insulation means it can only effectively be installed in good weather. This means that the Council need to award the contract as quickly as possible so that we can achieve maximum benefit from the summer weather. The only other critical grant conditions are that householders cannot have the improvements completely free of charge. Whilst costs will be reduced by a combination of Energy Company Obligation (ECO) and Green Deal Communities Fund every household will be expected to make a financial contribution.
- 1.4 It is the intention to procure a partner to deliver these works by way of a call-off contract from one of two existing procured frameworks that are already working on similar projects with other local authorities, so this can be done relatively quickly. Officers are currently working on a detailed specification and will be talking to potential partners over the next two weeks.
- 1.5 In addition to the grant funding, which can only be spent on privately owned homes, we are looking to include a number of Council owned homes in the location we are initially targeting which consists of two Lower Super Output Areas (LSOA) in the Queensbury ward. These areas were selected due to the high level of fuel poverty and the high volume of solid wall properties. Depending on take up these areas may be expanded during the course of the project, but no decisions have been made on the next areas to target as yet. . We would allocate Housing Revenue Account (HRA) resources to complete the works to these properties once we have finalised numbers and obtained prices.

2. Options considered

- 2.1 To await June Cabinet for authority to award the contract. This was rejected as it would mean the earliest works could start would be late July and as the works can only be undertaken in good weather the delay would seriously hinder our chance to spend the funding within timescales set in the grant conditions.

3. Proposals and reasons

- 3.1 This report seeks Cabinet approval to delegate authority to the Corporate Director of Community, Health and Wellbeing, acting in consultation with the Housing Portfolio Holder, to award the contract award and to allocate up to £800,000 of HRA funding as these decisions will need to be taken before the next scheduled Cabinet meeting in June.

4. Legal Implications

- 4.1 The Council's contract procurement rules will be followed in the award of contract. Procurement colleagues are fully involved in the plans to award the contract.

5. Financial Implications

- 5.1 All works to private sector housing stock will be funded from the grant award. Any council owned properties included in the works will be funded from the HRA. It is difficult to put a cost on the HRA element of the works at this stage as we anticipate that there will be funding towards the costs from the Energy Company Obligation (ECO funding) where energy companies will part fund works in exchange for being able to claim the carbon saving to meet their target. Each property will be individually assessed for potential carbon savings so the total amount of funding cannot be accurately quantified at this stage.
- 5.2 However the maximum expenditure from the HRA is not at this stage expected to exceed the level of any underspent 2013/14 capital budgets not already subject to slippage requests. Figures are not finalised yet but this is anticipated to be in the region of £800k, and officers are seeking approval to allocate this amount as the maximum HRA element of the scheme. These resources are already allocated to HRA investment, and in any event are ring-fenced to Housing use.
- 5.3 If it becomes apparent that more funding is required further into the project further authority for funding would be sought at that time.

6. Performance Issues

- 6.1 There are no specific performance issues leading to this report. The late notice of the award of the grant and the grant conditions that have been revised since the bid was submitted has led to the urgency of this decision and the delivery plan is still being developed.
- 6.2 However awarding the contract as early as possible increases the likelihood of delivering a programme to fully utilise the grant funding in Harrow and will significantly help with the delivery plan of both the warmer homes and climate change strategies.
- 6.3 It is difficult to predict how many homes would benefit from the improvements as each property will require an individual Green Deal Assessment and the outcome of the assessment will affect the likely take up of the scheme by residents. However we are initially targeting 868 properties.
- 6.4 Officers are working on a detailed specification and service standards for potential contractors and will ensure that when a contract award report is brought forward under delegated authority that these performance issues are quantified.

7. Environmental Impact

7.1 The contract to be awarded will essentially be for the provision of solid wall insulation, and will have a significant beneficial impact by both providing warmer homes and reducing residents fuel bills.

8. Risk Management Implications

8.1 Risk included on Directorate risk register? No

8.2 Separate risk register in place? No

8.3 There are no new risks identified as yet. These will be identified and included in the Housing Risk register once contract is awarded.

9. Equalities implications

9.1 There is no change to the policy detailed in the climate change strategy. Homes that are known to be in areas of deprivation within the borough and in fuel poverty will be targeted for the improvements.

10. Corporate Priorities

10.1 This report incorporates the administration's priorities to deliver a cleaner, safer and fairer Harrow by ensuring that households in fuel poverty have the opportunity to have warmer homes delivered through using both grant funding and HRA funding.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 3 April 2014		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 April 2014		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 4 April 2014		

Section 5 – Environmental Impact Officer Clearance

Name: Venetia Reid-Baptiste	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Environmental Services)
Date: 3 April 2014		

Section 6 - Contact Details and Background Papers

Contact: Maggie Challoner Head of Asset Management

Tel: 020 8424 1473 (ext 2473)

Email: Maggie.Challoner@harrow.gov.uk

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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