

**EXECUTIVE BOARD – 19 NOVEMBER 2013**

<b>Subject:</b>	Domestic Energy Efficiency Programme – Bentinck, Manvers and Kingston Court		
<b>Corporate Director(s)/ Director(s):</b>	John Kelly, Corporate Director for Communities Andy Vaughan, Director of Neighbourhood Services		
<b>Portfolio Holder(s):</b>	Councillor Alan Clark, Portfolio Holder for Energy and Sustainability Councillor Dave Liversidge, Portfolio Holder for Commissioning and Voluntary Sector		
<b>Report author and contact details:</b>	Gail Scholes, Head of Energy Services Tel: 0115 8765652 Email: gail.scholes@nottinghamcity.gov.uk Emily Braham, Strategic Energy Lead, Nottingham City Homes Tel: 0115 876 2048 Email: emily.braham@nottinghamcityhomes.org.uk		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
<b>Reasons:</b> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings <input type="checkbox"/> of £1,000,000 or more taking account of the overall impact of the decision	Revenue <input type="checkbox"/> Capital <input checked="" type="checkbox"/>		
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City	<input type="checkbox"/> Yes		No <input checked="" type="checkbox"/>
<b>Subject to call-in</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Total value of the decision:</b> In exempt appendix		
<b>Relevant Council Plan Strategic Priority:</b>	<b>Wards affected:</b> Dales		
World Class Nottingham	<input type="checkbox"/>		
Work in Nottingham	<input type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Neighbourhood Nottingham	<input checked="" type="checkbox"/>		
Family Nottingham	<input type="checkbox"/>	<b>Date of consultation with Portfolio Holder(s):</b> 3 October 2013	
Healthy Nottingham	<input type="checkbox"/>		
Leading Nottingham	<input type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The report details a project to deliver domestic energy efficiency works and to extend the Enviroenergy heat from waste infrastructure, to 270 social housing flats within three residential tower blocks, maximising the level of external subsidies available from obligated Energy Companies to support the programme. The project will receive external Energy Company Obligation (ECO) funding which will cover the cost of the district heating extension. The thermal performance of the 'hard to treat' flats will also be improved through solid wall insulation (SWI), balcony improvements, new windows, and flat roof insulation. The work will reduce fuel costs for 270 households living in the flats, with a reduction in bills of up to 40%, thus reducing the risk of fuel poverty and related ill health.</p> <p>Delivery is proposed through a contractor procured from the Efficiency East Midlands (EEM) framework for the thermal improvements, and through the Council's Highways Department in respect of the district heating works. The Council will utilise the relevant district heating lot on its recently awarded Highways framework in securing a delivery partner for the works. An energy company funder will also be brought into the partnership to supply funding for both elements of the work through a competitive tender. The EEM framework contractors will be required to meet a minimum 35% local employment aspiration and have been asked to include this as an employment and skills submission. This will enable the Council to monitor progress through key performance indicators that form part of the contract and evaluation.</p> <p>This is the second scheme to be tendered through the EEM framework, and the successful delivery contractor will be responsible for the creation of local jobs and training opportunities and will stimulate the local economy. The project is due to commence on site in February 2014 and</p>			

aims to be completed December 2014

Although this scheme was approved in principle under the Domestic Energy Efficiency Programme Executive Board report in July 2013, due to market intelligence we expect that the net cost of the works will exceed the ECO funding available for the scheme, and therefore we need to re-profile the Housing Revenue Account (HRA) capital spend to cover this cost.

**Exempt information:**

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose the information because it may offer a competitive advantage to other companies tendering for future Council contracts.

**Recommendation(s):**

1. To approve the re-profiling of the HRA capital budget to cover the shortfall between the cost of works to the blocks and the current budget plus ECO funding available, detailed in the exempt appendix.
2. To delegate authority to the Director of Neighbourhood Services, in consultation with the Portfolio Holder for Energy and Sustainability, to enter into contractual relationships with partners to secure the delivery of the energy efficiency programme following compliant procurement processes.
3. To delegate authority to the Director of Neighbourhood Services to award contracts under Lot 14 of the Highways Framework for the delivery of this scheme in respect of the district heating works, with such decision to award being subject to the completion of a delegated decision record.

**1 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 1.1 Nottingham is the most energy self-sufficient City in the UK and is one of the few cities to have developed a citywide energy strategy based on green energy production. In line with this, the City has key manifesto commitments to:
  - help residents keep their energy bills down by doubling the number of homes with loft, cavity and solid wall insulation;
  - cut carbon emissions by 31% as an authority and by 15% across the City by 2016;
  - expand Nottingham's district heating scheme so more residents can choose to use it as the price of gas and electricity continues to rise
- 1.2 Bentinck, Manvers and Kingston Court are system built 'hard to treat' properties, where residents are currently paying up to £150 per month for their electricity bills for heating and hot water. The blocks look outdated and tired, and they stand in a prominent position on the East side of the City Centre.
- 1.3 The three blocks, with 270 flats in total, are in close proximity to the current Enviroenergy infrastructure and, therefore, these are considered a great opportunity for extending green energy production to cover these blocks. This will reduce carbon emissions, give long term stability over fuel supply, and reduce costs for residents.

- 1.4 It was intended to fund this work last year through the Community Energy Saving Programme (CESP), however, due to changing definitions from Ofgem this wasn't possible. ECO funding was introduced in January 2013 and includes the provision for district heating facilitated by energy (heat) from waste under the current regulations.
- 1.5 Nottingham City Homes (NCH) has grant funding for the improvement works which are to be delivered to the three blocks, which must be spent before March 2015 or the funding will have to be returned.
- 1.6 The current ECO obligation only runs until March 2015, so it is necessary to take advantage of this funding as quickly as possible.
- 1.7 Due to the complex nature of the ECO funding compliance, it is anticipated that there will be a shortfall for the proposed works which will be met through the HRA Capital Programme for social housing, as detailed in the exempt appendix to this report.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 To ensure that the best value offer, which maximises the amount of ECO funding for hard to treat properties, is secured for the City.
- 2.2 To build on existing energy efficiency improvement programmes and help meet carbon reduction and fuel poverty manifesto commitments.
- 2.3 To create further employment opportunities and stimulate supply chain development in the City. The framework contractors will be required to meet a minimum 35% local employment aspiration and bidders are asked to include this as an employment and skills submission. This will enable the Council to monitor progress through key performance indicators that form part of the contract and evaluation.
- 2.4 The recommended option provides the following advantages:
  - through using the EEM supply and install framework to procure a contractor to deliver solid wall insulation and thermal improvements, the scheme can be delivered within the required timescales;
  - using the Highways framework (for the district heating extension means a compliantly procured route to deliver this element of the works;
  - reprofiling the HRA will allow the Council to access the ECO funding and can then be used to front fund the Enviroenergy infrastructure works, for which there is no alternative budget.

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 An alternative option would be to include Bentinck, Manvers and Kingston Courts within the Citywide Domestic Energy Efficiency Programme, however, this was rejected as it would delay the start of the works and would miss the deadlines imposed by the additional grant funding secured by NCH, also it puts the opportunity of accessing ECO funding at risk.
- 3.2 A further alternative would be to go out to a full OJEU tender process, but this was rejected as it would mean the project would not start in time to use the

additional grant funding, and also puts the opportunity of accessing ECO funding at risk.

#### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 Contained in the exempt appendix.

#### **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 The City Council will be taking compliance risk for funding on both the part of Vital Energy and the contractor delivering works to the tower blocks. Therefore terms within the contracts must reflect this, and be passed through from the funder to the contractors.

5.2 Legal Services will advise the Energy Services Team on appropriate terms and conditions of contract with the successful energy company and the contractors, and any other associated documentation for the project. This advice will be to protect the Council's interests and minimise risk wherever possible. The procurement of the energy company and individual contractors under the EEM framework must comply with all applicable EU regulations.

5.3 The procurement of the contractor under the EEM framework must comply with all applicable EU regulations.

#### **6 SOCIAL VALUE CONSIDERATIONS**

6.1 Under the neighbourhood prioritisation exercise which was carried out by NCH which overlaid fuel poverty vulnerability and risk factors with property specific data, Bentinck, Manvers and Kingston Court came out as a high priority.

#### **6.2 Procurement Observations**

With regard to the contractual relationships to be established, the Corporate Procurement Unit supports the use of EEM to facilitate the procurement of contractor to supply and install measures required to properties. From a governance perspective, Procurement would ask to take an assurance role - advising and supporting as necessary on these procurement exercises undertaken on the Council's behalf.

#### **7 REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable.

#### **8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

(a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

(b) No

(c) Yes – Equality Impact Assessment attached



**9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None.

**10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Domestic Energy Efficiency Programme – report and minutes of Executive Board July 2013

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

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**Name and brief description of proposal / policy / service being assessed**

Domestic Energy Efficiency Programme – Bentick, Manvers, Kingston- a programme to deliver domestic energy efficiency works to three tower blocks (Bentick, Manvers & Kingston) in the City by maximising the level of external subsidies available from obligated Energy Companies to support the programme.

**Information used to analyse the effects on equality**

Discussions with the Equality and Diversity Team.

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)
People from different ethnic groups	<input type="checkbox"/>	<input type="checkbox"/>	This scheme will improve the energy efficiency of the home through measures such as insulation and new windows, these improvements will reduce energy bills thus reducing fuel poverty and carbon emissions.	We will continually assess the impact of the measures to citizens that are directly affected, this assessment shall include indicators such as fuel poverty, energy bill reduction analysis, health benefits etc.
Men, women (including maternity/pregnancy impact), transgender people	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
People from different faith groups	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>		
Older or younger people	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

**Outcome(s) of equality impact assessment:**

No major change needed  Adjust the policy/proposal  Adverse impact but continue  Stop and remove the policy/proposal

**Arrangements for future monitoring of equality impact of this proposal / policy / service:**

Assessment to be reviewed at time of regular scheduled audits of the systems

Approved by (manager signature): Antony Greener

Date sent to equality team for publishing: November 2013