

To: Procurement Sub Committee

On: 29 March 2016

**Report by: Joint Report
by
The Chief Executive and Director of Development and Housing Services**

**Housing Energy Efficiency and Carbon Reduction Programmes: 2015-16
Phase 3**

1. Summary

- 1.1 The Council have been working with E.ON UK Limited from June 2015 to upgrade external insulation of Council properties and owner occupied homes within the Council area in accordance with the HEEPS initiative. To date this wholly externally funded programme of works has seen an investment of over £3,000,000 in insulation improvements to homes identified as appropriate under the initiative.
 - 1.2 A funding under spend returned to the external funding bodies by Scottish Local Authorities has now become available and as a consequence additional external funding has become available for a limited time offering to authorities that are in the position to deliver further improvements.
 - 1.3 To take advantage of this additional funding allowing more houses to benefit from external insulation it is proposed that the existing contract arrangements E.ON UK Limited is extended, where such funding is granted.
 - 1.4 All costs associated with the contract are being covered by external funding.
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2. Recommendations

It is recommended that the Procurement Sub-Committee:

- 2.1 Authorises the continued use of the contract with E.ON UK Limited for the provision of ECO support on qualifying projects for 2015/16, subject to the availability of sufficient levels of HEEPS:ABS funding to support qualifying projects.
- 2.3 Specifically to authorise the extension of the Contract to deliver the additional funding being made available for Phase 3 of the project.

3. Background

- 3.1 HEEPS (Home Energy Efficiency Programme for Scotland) is an initiative to tackle fuel poverty and increase energy efficiency in homes.
- 3.2 HEEPS is a cluster of programmes currently including:
 - Area Based Schemes (ABS)
 - Loans Scheme
 - Warmer Homes Scotland
 - Cashback Scheme (now closed)
- 3.3 HEEPS: Area Based Schemes (ABS). Formerly known as the National Retrofit Programme, ABS follows an area-based approach with initial focus on the most deprived areas.
- 3.4 Responsibility for programme delivery for ABS falls to local authorities, who are considered best placed through their Local Housing Strategies to understand the nature of housing provision and to co-ordinate a local supply-chain.
- 3.5 Measures available are dependent on the schemes developed by each local authority and will be free to the householder and open to all tenures.
- 3.6 ABS is centrally funded with a total Scotland wide support package of £65m funding for 2015-16. The intention is that ABS is expected to work in tandem with Energy Company Obligations (ECO), with the target to lever in a further £120m a year Scotland wide.
- 3.7 ECO is intended to work alongside the Green Deal to provide additional support in the domestic sector, with a particular focus on vulnerable consumer groups and hard-to-treat homes. ECO was introduced in January 2013 and is being funded and delivered by larger energy suppliers across Great Britain. It is administered by Ofgem.
- 3.8 To enable the Council to take advantage of the HEEPS:ABS funding and identify suitable energy suppliers a Prior Information Notice (PIN) was issued through Public Contracts Scotland Tender in late 2014 to seek ECO partners to work with the Council in the delivery of the Scheme.

- 3.9 Two supplier, Scottish Gas and E.ON UK Limited responded to the PIN and were issued with a Questionnaire to establish if they could provide the appropriate support to the Council.
- 3.10 Responses to the questionnaire were reviewed and only E.ON UK Limited were capable of providing the required level of support.
- 3.11 The outcome of the responses were reported to the Housing and Community Safety Policy Board on 10 March 2015, where it was agreed that E.ON UK Limited be offered the position to assist the Council in the provision of ECO support to qualifying projects for 2015/16 through external HEEPS funding and E.ON's ECO obligations.
- 3.12 A Contract detailing the works requirements was issued to EON UK on 1 June 2015 by the Director of Development and Housing Services following the authorisation detailed in 3.11 above. This award was for phase 1 of the works with the potential for other phases at an estimated value of £1,938,325 excluding VAT.
- 3.13 In late 2015 an additional 264 properties (both private and social) were identified that could benefit from additional HEEPS and ECO funding. On 5 October 2015 a contract variation was signed by the Director of Development and Housing services to include a second phase for an additional cost of £1,089,675. Phase 2 is due to end in May 2016.
- 3.14 Council has had the benefit of the HEEPS:ABS funding and investment from E.ON to externally insulate homes in the Council area. Additional funding has been made available from the funding returned by other local authorities. Housing and Development have been offered up to £500k which will allow a further 124 houses to benefit from external insulation similar to the works at Gallowhill Rd. The additional funding will be conditional upon the works being instructed in April 16 and completed by September 2016.
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Implications of the Report

1. **Financial** - The cost for the contract works is not from Council funds and external funded through the HEEPS:ABS Scheme.
2. **HR & Organisational Development** – None
3. **Community Planning – Community Care, Health & Well-being** – improving and maintaining housing conditions benefiting tenants and private owners. Addressing fuel poverty. **Greener** – protecting, caring and enhancing the natural and built environment. Reducing carbon emissions **Jobs and the Economy** – construction firms employ local staff **Safer and Stronger** – ensuring the long term sustainability of the housing stock in both social rented and private sectors

4. **Legal** - *None*.
 5. **Property Assets** – Improvements in the energy performance of both Renfrewshire Council and Housing Association stock, and within private dwellings.
 6. **Information Technology** – None
 7. **Equality & Human Rights** – None
 8. **Health & Safety** – None
 9. **Procurement** – The procurement procedures outlined within this report shall ensure that the Council meets its statutory requirements in respect of procurement procedures.
 10. **Risk** – None
 11. **Privacy Impact** – Not Applicable
 12. **CoSLA Policy Position** – Not Applicable
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List of background papers

- (a) Report to Housing and Community Safety Policy Board on 10 March 2015 entitled ‘**Housing Energy Efficiency and Carbon Reduction Programmes: 2015/16**’
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