



## Executive Director/Director Non-Key Executive Decision Report

**Author/Lead Officer of Report:** Janet Sharpe,  
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**Report to:** *Executive Director, Place*

**Date of Decision:**

**Subject:** *EON agreement to deliver LAD 2 works to owner-occupied properties*

Which Executive Member Portfolio does this relate to? Housing, Roads and Waste Management

Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken? Yes  No

If YES, what EIA reference number has it been given? (942)

Does the report contain confidential or exempt information? Yes  No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."*

### **Purpose of Report:**

Following the Cooperative Executive's decision to approve the Council accepting grant funding from the Tees Valley Combined Authority (TVCA) for the Green Homes Grant Local Authority Delivery (LAD II) Scheme and in accordance with the delegation detailed in that report, the Council is now seeking to award the contract to E.ON Energy Solutions (E.ON) and enter in to an agreement with E.ON to deliver associated works and services to private sector owner-occupied properties as outlined in this report.

**Recommendations:**

It is recommended that the Executive Director of Place:

- Approves the contract award and the entering into an agreement with E.ON as outlined in this report

**Background Papers:**

1. Cooperative Executive report - Green Homes Grant Local Authority Delivery Scheme

2. Co-operative Executive Decision Record 23<sup>rd</sup> June 2021



23 June 2021.doc

<b>Lead Officer to complete:-</b>	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Damian Watkinson, Finance Manager
	Legal: <i>Gemma Day, Commercial Lawyer</i>
	Equalities: <i>Louise Nunn, Equality &amp; Inclusion Manager</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>Lead Officer Name:</b> <i>Janet Sharpe</i>
	<b>Job Title:</b> <i>Director of Housing and Neighbourhood Services</i>
<b>Date:</b> <i>18/10/2021</i>	

## 1. PROPOSAL

- 1.1 Through the grant funding awarded to the Council from the Tees Valley Combined Authority the aim is to deliver energy improvement measures to 265 eligible private sector owner-occupied properties.
- 1.2 The total capital grant funding secured for the 265 properties is £2,038,237.24 (a further £223,435.14 was also awarded as part of the bid specifically to administer the private sector work stream, therefore £2,261,673.38 overall). Some of the administration will be delivered by the Council.
- 1.3 The grant funding stipulates a maximum average cost per property of £10,000 across the whole programme. Including admin, the average is £8,534.51
- 1.4 A table containing a breakdown of the measures, number of properties and projected costs is provided as follows: (notably, multiple measures can/ will be undertaken for each property within the overarching maximum average cost envelope of £10k)

Measure to be installed	No of Properties	Avg. cost per Property	Total Cost
EWI	65	£14,259.77	£926,884.82
Double Glazing	20	£6,242.75	£124,855.08
Heat Pumps	0		
Cavity Wall Insulation	50	£1,457.40	£72,870.00
Room in Roof Insulation	0	£0	
Loft Insulation	50	£1,564.50	£78,225.00
Solar	100	£6,643.79	£664,379.10
Smart Heating Controls	20	£584.75	£11,695.11
Other	305	£522.39	£159,328.00
<b>Total</b>	<b>-</b>	<b>£ -</b>	<b>£ 2,038,237.24</b>

Other costs include PAS 2035 Retrofit Surveys and EPC costs for all measures.

E.ON Project Management costs	£93,692.14
Procurement Fee	£45,243.50
<b>Total Administration Costs</b>	<b>£138,935.64</b>

- 1.5 There aren't sufficient resources within the Housing Service to effectively manage the end-to-end delivery of the private sector work stream, which encompasses:
- Taking calls and enquiries
  - Processing interest and applications
  - Initial eligibility assessment
  - Property surveys

- Completion of eligible measures

- 1.6 Given the short-term nature of the LAD 2 funding window with the completion of works required by 31<sup>st</sup> Dec 2021 (although this has been informally extended to the 31 March 2022) it is appropriate to enter into a contract with a third party contractor.
- 1.7 The Council has used the Fusion 21 framework for procurement and it is proposed that a contract be awarded to EON to deliver the end-to-end services and works needed across the whole customer journey. Fusion 21 is a social enterprise with a strong focus on social value for social housing, local authority, education, health and blue-light sectors across the UK. One of the lots is 'energy efficiency' which encompasses works and measures appropriate to this scheme. The availability of this highly experienced network associated with having a pre-procured supply chain enables a high standard of quality and time efficiencies.
- 1.8 E.ON is PAS2035 compliant, MCS certified, and Trustmark accredited, which are all requirements for the LAD 2 funding
- 1.9 E.ON will compile and retain all records, completion certificates and accreditations ensuring operational, commercial and reputational risks are considered, captured and managed.
- 1.10 The Co-operative Executive approved a First Come First Served approach for homeowners to access the grant funding (subject to meeting the eligibility criteria and full verification checks completed). This is set out in the Private Sector Housing Assistance Policy.
- 1.11 When the Council learned it had been successful for the grant funding it made a press release which has since generated over 100 homeowners who have registered interest in the scheme. As soon as the contract is awarded, these homeowners will be contacted in order of the date and time applied to move forward in the process with E.ON.
- 1.12 The Council's Communications team have provided support in regard of a marketing & communications plan, which will involve social media, Council web signposting, community newsletters and a city centre stand in November. Critically the Council are linking with local charities, social care, primary care and South Yorkshire Fire & Police Partnership to promote the scheme and provide referrals. This will be underpinned by a targeted mailout programme using extensive profile data, focussing on eligible homes and those that are in greatest fuel poverty.
- 1.13 There will be careful governance and programme management by the Council via regular contract meetings. A consultant has been appointed from Turner & Townsend in order to lead on the contract management and assurance of the grant funding terms being explicitly followed.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 This decision will contribute to the ambitions within the Corporate Plan of achieving net zero by 2030, reduce fuel poverty and improve both energy efficiency and

thermal comfort to 265 owner-occupied properties across Sheffield.

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 The Cooperative Executive has approved the grant funding and this approach for the private sector workstream on 23<sup>rd</sup> June 2021 (see Co-Operative Executive Decision Record 23<sup>rd</sup> June 2021).
- 3.2 When the Council developed its Private Sector Housing Assistance Policy, approved in January 2020, it undertook a consultation process. A survey was available through the Sheffield Consultation Hub during the summer 2019 for homeowners and private rented tenants. One aim of the survey was to gather views from the vulnerable groups that the proposed policy should assist, and gather information on private sector residents' living circumstances, the condition of their home and any help or assistance they may require in their home. The Council had regard to the consultation responses when it finalised the Private Sector Housing Assistance Policy. In addition, regard was had to the consultation responses in respect of that consultation, when developing the proposals relating to private sector housing approved by the Executive Co-operative.

A total of 217 households responded, 125 homeowners and 92 private renters, the main findings were:

- Respondents wanted more housing advice and information on the Council's website and for this to be promoted through social media.
- Respondents thought it would be helpful if the Council provided the following advice and support:
  - Home energy efficiency advice
  - Home insulation help
  - New boiler or heating system help
  - Interest free repayment loan

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 An Equality impact assessment has been completed for the scheme which will have a positive impact on fuel poverty and financial inclusion. The scheme will deliver homes that are better insulated and more affordable to heat, and therefore will contribute to reducing fuel poverty within the households impacted by the scheme

#### **4.2 Financial and Commercial Implications**

- 4.2.1 The contract commits Sheffield City Council to certain payments to E.on up to a value of £2,038,237.24 based on their delivery of measures as identified at in the table at 1.4 (above). In addition payments of up to £198,435.64 will be payable for eligible expenditure on the administration of the programme of works.

- 4.2.2 It is a condition of the agreement that, for an invoice from E.on to be valid, for payment it must be accompanied by the supporting evidence and monitoring information required for SCC to submit a grant claim to TVCA
- 4.2.3 Due to the terms of the grant from TVCA being payment in arrears it is possible that SCC will only receive grant reimbursement for costs after invoices to E.on have been settled.

#### 4.3 Legal Implications

- 4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. This enables the Council to enter into a works and services agreement with the successful supplier.
- 4.3.2 Under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO) the Council may, for the purpose of improving living conditions in their area, provide assistance to any person, to enable them to adapt or improve their living accommodation. The power enables local authorities to give assistance to persons directly, or to provide assistance through a third party. The Council is therefore empowered to contract with a third party to deliver improvements to private accommodation.
- 4.3.3 If a decision is made to award the contract to Eon, then the Council will enter into a Works and Services agreement with Eon for the Private Sector element of the project.
- 4.3.4 This agreement will be awarded via a framework. The contract value is below the works threshold.
- 4.3.5 The requirements of the Works and Services agreement will mean that the supplier will have an obligation to deliver the works and services.
- 4.3.6 Key terms of this agreement are:
- Each parties’ obligations are detailed, for example the standard to which the works and services must be delivered, Eon’s responsibility in relation to security at the dwellings and if asbestos is found.
  - The payment terms are in accordance with the Construction Act for the works and standard 30 day payment terms for other invoices. Specific evidence is required to support each invoice.
  - Clear data protection clauses and a data protection liability cap in relation to each parties data processing liability.
  - A schedule which clearly details the works and services, eligibility criteria, service levels, milestones, timetable for the project, milestones, outcomes,

key performance indicators and reporting.

- Each measure has a value and the contract has a maximum contract value which the supplier is not able to exceed.
- Some elements of the grant agreement which the Council entered in to with the funder have also been flowed down to ensure that the Council is not put into breach of this arrangement.
- Please note, there are some amendments which have been included in the Eon contract which have not yet been formally received by way of a variation from TVCA, this includes the contract end date which has been informally extend to 31 March 2022, the 5% retention which TVCA confirmed by email would not apply as well as a couple of discrepancies between TVCA documents.

The Council must comply with all applicable legislation and regulations including but not limited to the Public Contracts Regulations 2015 and the Council's Contracts Standing Orders.

#### 4.4 Other Implications

- 4.4.1 There are implications in terms of this scheme contributing positively to the Council's ambition of becoming a net zero carbon city. Otherwise, there are no other known implications and any legal or property implications are dealt with in the body of the report

### 5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Alternative option – The Council to lead on customer contact, marketing and lead generation. The contractor would deliver the surveying and works.
- 5.2 Due to the tight timescales and resources necessary to deliver the bid requirement, the recommended procurement and delivery options set out under section 1.7 above in this report are the most expeditious.

### 6. **REASONS FOR RECOMMENDATIONS**

- 6.1 The recommendations as set out in this report will enable the Council to deliver energy efficiency and carbon reduction measures to 265 properties in the private housing sector. The LAD 2 project provides an excellent opportunity to retrofit some of the least efficient stock across the city and will contribute towards measurable changes and improvements towards the city's net zero carbon 2030 ambitions.

