Report to CABINET

Approval of New Warm Homes Delivery Agents

Portfolio Holder: Councillor Hannah Roberts, Cabinet Member – Housing

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Reason for Decision

To approve the appointment of new Warm Homes Delivery Agents following an OJEU procurement exercise.

Recommendations

1. To appoint the providers listed in this report to the Warm Homes Oldham Framework Agreement.

2. To engage the Rank 1 provider in each lot to deliver the Warm Homes Oldham service in Oldham from 1 June 2019.

3. To agree a short extension to the contracts with the current providers from 1 April 2019 to 31 May 2019 to maintain continuity of the service during the interim period.
Approval of New Warm Homes Delivery Agents

1 Background

1.1 In August 2012, Oldham Council, NHS Oldham Clinical Commissioning Group (CCG) and Oldham Housing Investment Partnership (OHIP) signed the country’s first Joint Investment Agreement to help tackle fuel poverty in the borough.

1.2 The partnership established ‘Warm Homes Oldham’ as a brand under which fuel poverty assessments and referrals (Lot 1), income maximisation (Lot 2) and energy efficiency works (Lot 3) are delivered across the borough.

1.3 The focus of Warm Homes Oldham is to provide holistic and integrated fuel poverty support by providing a seamless co-ordination of services to enable those in need of assistance to maintain their health and wellbeing in their home for as long as possible.

1.4 Warm Homes Oldham also seeks to maximise Energy Company Obligation (ECO) and other grant funding opportunities that are available for heating and insulation measures. In particular, Warm Homes Oldham looks to support those households that are in fuel poverty and vulnerable to the health and wellbeing effects of living in a cold home by providing these measures free of charge.

1.5 The Warm Homes Oldham service has a vital role to play in keeping people warm, safe and independent in their own homes. By reducing fuel poverty, the service aims to reduce demand for health and social care services, and thereby make significant cost savings.

1.6 In 2016 (the latest data available), there were an estimated 10,976 (11.8%) households in Oldham living in fuel poverty (using the ‘Low Income High Cost’ indicator) which is slightly lower than the North West average (12.8%) and higher than the National (11.1%).

1.7 The partnership has set a target to help bring 1,000 people out of fuel poverty every year through the Warm Homes Oldham service. In the last five years, it has achieved the following:

- Helped 5,785 people stay warm and well in their homes;
- Brought in over £3.7 million of external grant funding to Oldham for energy efficiency improvements;
- Installed 1,177 boilers, 257 external wall insulation installs, 574 cavities and lofts – all at no cost to the resident;
- Installed 4,659 small measures for free (LED bulbs, radiator panels, draught-proofing);
- Secured £608,654 of extra benefits for residents who weren’t claiming what they were entitled to;
- Secured £215,031 of trust fund grants to wipe off fuel debt or pay for boilers or white goods;
- Achieved over £350,000 total savings to household bills for Oldham residents per year.
2 **Current Position**

2.1 The Warm Homes Oldham service is currently provided by ENGIE Regeneration Ltd (Lots 1 and 3) and Auriga Services Ltd (Lot 2). Both contracts are due to end on 31 March 2019.

2.2 An OJEU procurement exercise has been carried out to appoint new providers under a four year framework agreement. This has been done on a 1+1+1+1 basis, which allows for the contract to be terminated at the end of each financial year if funding for the service ceases to be available.

2.3 The framework has been split into the following lots:

- Lot 1 – Warm Homes Oldham Assessment and Referral Service Provider
- Lot 2 – Warm Homes Oldham Income Maximisation Service Provider
- Lot 3 – Warm Homes Oldham Energy Efficiency Works Service Provider
  - This lot has been further split into two sub lots:
    - Lot 3a – Heating Measures
    - Lot 3b – Insulation Measures

2.4 Prospective bidders were able to bid for one or more lots. A maximum of five providers can be appointed to each of the lots. However, inclusion on the framework does not guarantee them any work.

2.5 As the similar Greater Manchester Green Deal and ECO framework agreement is due to end on 30 April 2019, the GMCA and the other nine Greater Manchester Local Authorities have also been given access to use the Warm Homes Oldham framework agreement.

2.6 All the organisations who wish to call-off the framework can do so by direct award where the terms of the framework are sufficiently precise enough to cover the particular call-off.

2.7 The Rank 1 provider is set as the default, subject to capacity and previous performance. If it is evident that capacity and / or performance concerns exist with the Rank 1 provider, then the organisations have the flexibility to approach Rank 2, 3, 4 and 5 respectively.

2.8 Where the terms laid down in the framework are not precise enough or complete for the particular call-off, a further competition (i.e. a mini competition) can held with all those suppliers within the framework capable of meeting the particular need.

2.9 Due to a delay by the Government in issuing the guidance for funding under the Energy Company Obligation (ECO 3), the OJEU procurement exercise could not start until December 2018. As a result, the framework agreement cannot commence until the middle of May 2019 at the earliest. Therefore, a short extension of the contracts with the current providers from 1 April 2019 to 31 May 2019 is required to maintain continuity of the service during the interim period.

3 **Options / Alternatives**

3.1 Option 1 – To appoint providers to the Warm Homes Oldham Framework Agreement as detailed in the report in the restricted part of this agenda.
3.2 To engage the Rank 1 provider in each of the lots to deliver the service in Oldham from 1 June 2019.

3.3 To agree a short extension of the contracts with the current providers from 1 April 2019 to 31 May 2019 to maintain continuity of the service during the interim period.

3.4 Option 2 – To not appoint any providers to the Warm Homes Oldham Framework Agreement and discontinue the Warm Homes Oldham service. This option would not meet the need to tackle fuel poverty in the borough.

4 Preferred Option

4.1 The preferred option is Option 1, as it provides the most economically advantageous bids for the provision of the Warm Homes Oldham service, as identified by the OJEU procurement exercise.

5 Consultation

5.1 Oldham Council’s Warm and Healthy Homes Board and Environment Board have been consulted and they have supported Option 1.

6 Financial Implications

6.1 The Warm Homes Oldham Service has a budget in 2019/20 within the Fuel Poverty Partnership Cost Centre and is fully funded by grants from NHS Oldham CCG and Public Health. Expenditure will be confined to the amount of grant received.

6.2 Funding for future years will be allocated as part of the annual budgeting exercise from these organisations. Should funding be reduced or discontinued, and alternative funding not found, the contract with the successful providers can be terminated at the end of each financial year without penalty. (David Leach/John Hoskins)

7 Legal Services Comments

7.1 The Council has tendered a framework agreement for the delivery of the three lots of services under the banner of the Warm Homes Oldham Service. The Council has conducted a robust procurement process to select the most economically advantageous bids to appoint the first ranked bidder for each lot.

7.2 There is provision to modify a contract under Rule 17.1(c) of the Council’s Contract Procedure Rules in unforeseen circumstances provided the modification does not alter the overall nature of the contract and the price does not exceed 50% of the original contract value. The short extension proposed in the narrative of the report would meet the requirements of the Rule. (Elizabeth Cunningham-Doyle)

8. Co-operative Agenda

8.1 Each successful provider has provided satisfactory details on how they will operate in a socially responsible way in accordance with Oldham Council’s Social Value Framework.
Human Resources Comments

None.

Risk Assessments

Each successful provider has provided satisfactory Risk Assessments for their area of activity.

IT Implications

None.

Property Implications

The current Lot 1 provider occupies two desks within the Housing Strategy team in Room 310 of Oldham Civic Centre.

Procurement Implications

Commercial Services supports the approval of Option 1, as the procurement has been carried out in line with Oldham Council’s Contract Procedure Rules and EU Regulations. The outcome proposes the most economically advantageous solution. (Emily Molden)

Environmental and Health & Safety Implications

Each successful provider has provided satisfactory details on how they will address Environmental and Health and Safety implications.

Equality, Community Cohesion and Crime implications

Each successful provider has provided satisfactory details on how they will provide a fair and equitable services to all residents, regardless of age, disability, gender reassignment, marriage or civil partnership, race, religion or belief, sex, socio-economic status or sexual orientation.

The Warm Homes Oldham service has a positive impact on tackling fuel poverty.

There are no community cohesion or crime implications.

Equality Impact Assessment Completed?

No.

Key Decision

Yes.

Key Decision Reference

HSG-02-18.
19.1 None.

20.1 None.