

ACCEPTANCE OF TENDER FOR WIRRAL'S FREE HOME INSULATION INITIATIVE

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the outcome of the procurement process to select a delivery partner for the Council's Free Home Insulation Initiative and to accept the highest scoring tender.
- 1.2 Endorsement is also sought from Members for the priority order in which Council Wards will be targeted for the area-based approach to promote the initiative door-to-door.

2.0 BACKGROUND

- 2.1 Cabinet resolved on 18th March 2010 that:
- (1) the proposed outline implementation programme for the provision of free home insulation to be offered to all households across Wirral be endorsed, following an allocation of £1.049m for 2010/11 to deliver the first year of a four year free loft and cavity wall insulation programme; and a further report be presented to the Cabinet following the procurement process for the delivery of the programme, which will detail the environmental, financial, training and employment benefits arising from the project.
- 2.2 An OJEU tender notice was issued on 23rd April 2010 to procure a managing agent for the delivery of the programme, with the following remit:
- to generate additional funding towards the cost of insulation measures, from the energy companies' Carbon Emissions Reduction Target;
 - to set up and deliver the area-based door-to-door promotion of the initiative and wider assistance to maximise incomes and energy efficiency;
 - to market the free insulation outside of the designate targeted areas;
 - to provide a freephone advice line and contact point;
 - to manage and procure insulation installers; and
 - to integrate Targeted Recruitment & Training into the initiative including the Wirral Apprentice Scheme.
- 2.3 Following the Pre-Qualification Questionnaire submissions, the evaluation stage identified 9 potential suppliers who were invited to tender.
- 2.4 With regard to recent Government announcements on public spending reductions, there is no direct Government funding for this initiative and so it remains unaffected. Funding from the energy companies towards insulation measures is available and may increase later this year due to the greater obligation placed on them to fund insulation through the newly restructured Carbon Emissions Reduction Target. Should funding increase, thereby leading to a reduction in the funding needed from the Council for the four-year programme (funding from the Council has so far been identified only for 2010-11), Cabinet will be informed of the impact.

3.0 TENDER EVALUATION

- 3.1 The tender for the delivery of the insulation programme was returned by 7 of the 9 shortlisted tenderers by 15th June 2010, electronically via “The Chest” (the North West’s local authority procurement portal).
- 3.2 The evaluation panel, consisting of 2 officers from the Housing Strategy Team, scored the submissions, overseen by officers from the Procurement Team. The financial elements of the submissions were evaluated by a Group Accountant from the Finance Department and the Targeted Recruitment & Training element was additionally evaluated by a member of the Strategy & Implementation Team within Regeneration. Tenders were evaluated according to the most economically advantageous tender, with the quality: price ratio set at 60:40.
- 3.3 Energy Projects Plus scored the highest number of points and are therefore recommended for selection as the delivery partner. Energy Projects Plus is a Wallasey-based charitable organisation that has managed the delivery of energy efficiency grants on behalf of local authorities for over 11 years and has delivered fuel poverty awareness-raising initiatives for over 15 years. On behalf of Wirral Council they have delivered CosyHomes since 2004 and Warmer Wirral since 2009 and the Council had a Service Level Agreement with their former Energy Efficiency Advice Centre from 2001 until 2009. They now operate the Merseyside & Cheshire Energy Saving Trust Advice Centre under contract.
- 3.4 Energy Projects Plus have partnered with British Gas for the funding of insulation measures and also for their installation. Energy Projects Plus will employ a team of 11 staff to deliver the initiative; posts will be filled through a mixture of recruitment and of continuing employment for current staff. British Gas will create 10 apprenticeships for Wirral people and estimate that up to 30 jobs could be created immediately through the development of a Local Training and Employment initiative.
- 3.5 A summary of all tenderers scores is shown in the following table:

Tenderer	Quality points (as a % of highest score)	Price	Price points (lowest / actual x 100)	Overall Score (with price: quality ratio applied)	Rank
Energy Projects Plus	97.73	£936,596	94.90	96.60	1
B	100.00	£1,441,808	61.65	84.66	2
C	46.90	£888,852	100.00	68.14	3
D	49.79	£1,314,559	67.62	56.92	4
E	45.38	£1,958,893	45.38	50.88	5
F	68.18	£3,836,982	23.17	50.18	6
G	33.47	£2,690,411	33.04	33.30	7

- 3.6 The price shown is based on a delivery of 8,220 insulation measures applied to Wirral’s private sector housing stock. This figure was chosen as it represents the proportion which needs to be delivered as a minimum in year 1 of the programme to reach the target 57,540 households at the end of year 4. The price doesn’t reflect the total spend of the project, which will be £1.049m, and which means Energy Projects Plus will be able to exceed the target insulation measures for the budget provided.

4.0 TARGET AREAS

- 4.1 It was proposed to base the Wirral project on a similar project that was being undertaken by Kirklees Council. The initiative in Wirral would therefore, partly consist of an area-based approach to target the free insulation in areas of above average rates of fuel poverty and with higher than average numbers of unfilled cavity walls and partly consist of general marketing and take-up throughout the Borough. It is proposed that to meet need, the area-based approach will account for 80% of the insulation budget and the Borough-wide offer will account for 20% of the insulation budget.
- 4.2 This initiative excludes the Housing Market Renewal area (the whole wards of Seacombe and Birkenhead & Tranmere along with parts of the wards of Liscard, Rock Ferry, Prenton, Oxton, Cloughton and Bidston & St James), which has its own free insulation programme to 2013, subject to Government confirming future Housing Market Renewal funding post March 2011. This programme is undertaking exactly the same works as the new Free Home Insulation Initiative.
- 4.3 The current Warmer Wirral initiative is providing an area-based, door-to-door, approach to reducing fuel poverty and operates until March 2011. Free insulation is not offered under Warmer Wirral but households receive help and assistance from existing energy efficiency grants and loans and the initiative provides additionality by referring households for benefits health checks and fuel tariff advice. This additionality, as well as referring households for heating grants and loans, is the same as will be offered under the area-based approach for the free insulation scheme. Those Council Wards with areas which are the focus of Warmer Wirral door-to-door promotion in 2010-11 (areas within Liscard, New Brighton, Leasowe & Moreton East, Bromborough, Upton and Bidston & St James) and it is proposed that these areas will therefore receive area-based activity from the insulation scheme in the next financial year to avoid any overlap of the two initiatives.
- 4.4 Officers have used data from the Building Research Establishment (BRE) on levels of fuel poverty in each Council Ward to assess whether a Ward is above the average rate for the Borough. Data on the areas with the highest levels of empty cavities has been provided to Officers by the Energy Saving Trust (EST).
- 4.5 It is difficult to place a timeframe on when each Ward will be targeted until it is known what resources the delivery agent is to bring to the programme, but it is thought that a team of energy assessors will be in each Ward for between 1 and 2 months. Based on the criteria of:
- a) excluding the HMRI area until its own existing free insulation initiative ends in March 2013 (the whole wards of Seacombe and Birkenhead & Tranmere and parts of other wards as described in 4.2);
 - b) excluding the Wards identified in 4.3 until Warmer Wirral ends in March 2011;
 - c) prioritising Wards in order of the highest levels of fuel poverty through a robust evidence base; and
 - d) prioritising those Wards with the highest levels of empty cavities,
- 4.6 It is proposed that the following Wards be given priority for the area-based approach (in order of delivery):
- 1 Rock Ferry (outside of HMRI area)
 - 2 Prenton (outside of HMRI area)
 - 3 Oxton (outside of HMRI area)
 - 4 Cloughton (outside of HMRI area)

4.7 These Wards all have above average levels of fuel poverty and will be targeted for action between September 2010 and March 2011, based on currently known information but could be targeted slightly earlier or later dependent on the size of the door-knocking teams and the take-up rates for the free insulation.

4.8 Those Wards currently the focus of Warmer Wirral activity (which will come to an end in March 2011) will then follow in the order below, based on the above criteria and subject to funding being available

- 5 New Brighton
- 6 Liscard (outside of HMRI area)
- 7 Leasowe & Moreton East
- 8 Bidston & St James (outside of HMRI area)
- 9 Bromborough
- 10 Upton

4.9 These Wards all have above average levels of fuel poverty and will be targeted for action between April 2011 and March 2012, based on currently known information but could be targeted slightly earlier or later dependent on the size of the door-knocking teams and the take-up rates for the free insulation.

4.10 It is proposed that the following Council Wards are also prioritised from April 2012 onwards subject to funding being available, based on the number of unfilled cavity walls (data provided by Energy Saving Trust), as this offers the greatest potential for CO₂ savings:

- 11 Greasby, Frankby & Irby
- 12 Clatterbridge
- 13 Moreton West & Saughall Massie
- 14 Heswall
- 15 Eastham
- 16 Pensby and Thingwall
- 17 Bebington
- 18 West Kirby & Thurstaston
- 19 Wallasey
- 20 Hoylake & Meols

4.11 The above areas all have below average levels of fuel poverty and the main issue in these areas is unfilled cavity walls and the environmental effects that this presents. These areas will be targeted from April 2012 onwards based on currently known information but could be targeted slightly earlier or later dependent on the size of the door-knocking teams and the take-up rates for the free insulation.

4.12 Those Wards listed above in 4.6 and 4.7, although not part of the early door-to-door area-based activity, will receive other marketing and promotional activity such as mail-shots and local poster campaigns to ensure awareness of the free insulation offer is Borough-wide.

5.0 FINANCIAL IMPLICATIONS

5.1 Members have previously agreed to an allocation of £1.049m from the 2010/11 Council Budget for the first year of a four year insulation programme costing in total £7.34 million to be used to tackle fuel poverty, improve Wirral's housing stock and reduce our carbon footprint.

5.2 The additional amounts required from Council funding, and which were set out in the March 18 Cabinet Report, are:

2011/12	£2,098m
2012/13	£2,098m
2013/14	£2,098m

5.3 The Director of Finance has built into his budget projections the sums required for this project but these need to be confirmed as part of the annual budget making process

6.0 **STAFFING IMPLICATIONS**

6.1 None.

7.0 **EQUAL OPPORTUNITIES IMPLICATIONS**

7.1 Fuel poverty is disproportionately suffered by older people and take-up rates for energy efficiency grants are usually lower within certain minority groups compared to other sections of the population. These issues have been recognised within the Equality Impact Assessment carried out for the Affordable Warmth Strategy, under which this initiative is placed and which identified potential positive impacts.

8.0 **COMMUNITY SAFETY IMPLICATIONS**

8.1 The Community Safety Team will be kept informed of 'door-knocking' activity and partner staff will be provided with identification.

9.0 **LOCAL AGENDA 21 IMPLICATIONS**

9.1 There is a significant CO₂ saving associated with the installation of energy efficiency measures.

10.0 **PLANNING IMPLICATIONS**

10.1 None.

11.0 **ANTI-POVERTY IMPLICATIONS**

11.1 This initiative will substantially reduce fuel poverty and assist those households considered to be most vulnerable.

12.0 **SOCIAL INCLUSION IMPLICATIONS**

12.1 This initiative will target those groups that potentially may otherwise not access advice on energy efficiency, benefit entitlement and changing energy suppliers.

13.0 **LOCAL MEMBER SUPPORT IMPLICATIONS**

13.1 The free home insulation programme, along with the current Housing Market Renewal CosyHomes free insulation scheme, will provide coverage across all Council Wards.

14.0 **BACKGROUND PAPERS**

14.1 Agenda Item 30, Cabinet, 18th March 2010.

15.0 **RECOMMENDATIONS**

- 15.1 That Members accept the highest scoring tender from Energy Projects Plus for the appointment of a delivery partner for the Council's Free Home Insulation Initiative.
- 15.2 That Members agree the year one implementation programme for the Home Insulation Initiative, set out in this report, and the programme for years two to four subject to the availability of Council funding.

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