

APPOINTMENT OF A DELIVERY PARTNER FOR WIRRAL FUEL POVERTY INITIATIVES & ENDORSEMENT OF WARM STREETS

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is:

- to advise Members of the Director of Regeneration's decision, under delegated authority, to accept the tender by Energy Projects Plus to deliver the two main fuel poverty prevention initiatives in Wirral; and
- to seek Member's endorsement of "Warm Streets" – a new initiative to increase take-up of cavity wall and loft insulation in parts of the Borough not targeted by the existing fuel poverty prevention initiatives.

2.0 BACKGROUND

2.1 Wirral Council has a strong track record of providing affordable warmth and energy efficiency solutions for residents in the Borough. The first Wirral Affordable Warmth Strategy was published in 2004 and was reviewed in 2008, committing the Council to assist in the eradication of fuel poverty in line with Government targets. The Strategy provides a framework and direction for the Council and its partners until 2010 and has identified the need to continue the provision of fuel poverty prevention initiatives and to promote them to households in an area-based, co-ordinated manner. To this end, suppliers were sought who could provide either one or both of the following initiatives, for the period 1st August 2009 to 31st March 2011 (with the option to extend for a further 2 years to be renewed annually):

- a) The management and facilitation of energy efficiency grants for Wirral private sector households within the Housing Market Renewal Initiative area (known as "CosyHomes");
- b) The delivery of a programme to raise awareness amongst householders of fuel poverty alleviation measures and the management of referrals throughout the Borough (known as "Warmer Wirral"), concentrating activity in areas of higher than average fuel poverty.

2.2 In addition to the two initiatives above, "Warm Streets" has been developed and proposes to increase installations of cavity wall and loft insulation at no cost to the Council, for Wards where fuel poverty is below average but where there is still a need to improve energy efficiency levels and support households in doing so.

2.3 The 2008 Wirral Private Sector Stock Condition & Home Energy Survey identified that 57% of homes with cavity walls are uninsulated, offering huge potential for carbon dioxide savings. The survey has also revealed that there are still 37% of homes with loft insulation at a thickness of 100mm or less, which is an improvement on the 2003 survey

figure of 68%, but again also offers potential for CO₂ savings by topping up to the current recommended thickness of 270mm.

- 2.4 “Warm Streets” will involve the Council partnering with Apex Carbon Solutions who will market the best available price for insulation to households, door-to-door, from a range of installers. The initiative will target areas with a high percentage of cavity walls and will also target wards containing pockets of high percentages of properties failing the Decent Homes Standard identified through the 2008 Private Sector Stock Condition & Home Energy Survey.
- 2.5 The delivery of the two fuel poverty prevention initiatives and “Warm Streets” will assist Wirral in meeting its Decent Homes targets under the Local Area Agreement as well as making a positive contribution to National Indicators 186 (CO₂ emissions per capita) and 187 (fuel poverty).

3.0 DELIVERY REQUIREMENTS OF “COSYHOMES” AND “WARMER WIRRAL”

3.1 Cosy Homes

3.1.1 Suppliers were sought to manage and facilitate energy efficiency grants to private sector dwellings within the boundary of the Wirral Housing Market Renewal Initiative (HMRI) area. At present through HMRI, there is £65,000 per financial year available to fund heating improvements, £45,000 per financial year for solar water heating systems and £15,000 per financial year to fund insulation improvements over the 20 month period of the contract.

3.1.2 Households in the HMRI area have been able to receive insulation grants since 2004 with heating grants provided from 2006 to support vulnerable households which didn't qualify for the Government's Warm Front initiative or which required a Warm Front customer contribution. Energy Projects Plus managed these grants on behalf of the Council up to 31st March 2009 and was previously appointed on a “sole supplier” basis due to their role of sole operator of Merseyside Energy Efficiency Advice Centre. The Centre recently ceased to exist, when Energy Projects Plus won the contract to operate the new Energy Saving Trust advice centre (ESTac) as a separate entity within the charity. Energy Projects Plus was required to separate its other activity and resources, especially concerning fuel poverty prevention, from the work of the ESTac, thereby opening up competition from other providers of fuel poverty prevention work. A tender process was therefore required.

3.1.3 The installation of solar water heating systems is a new addition to the project and will be available to be installed in homes within an area of north Birkenhead known as “The Triangles”, as previously reported to Cabinet (8th September 2004) as part of the group repair improvement programme.

3.1.4 The supplier will provide a customer-focused service for each of the three improvement programmes (insulation, heating and solar water heating) and it is intended they will carry out the following for all three aspects:

- the selection of installer partners on a best value basis;
- the generation of external funding to maximise the funding provided from the Council, for example from the Carbon Emissions Reduction Target and the Government's Warm Front initiative;
- the promotion and marketing of grants to householders and co-ordination of this activity with the Warmer Wirral Initiative ensuring good referral links. The supplier will also keep the Council informed of marketing activity;
- the creation of a system to ensure all households applying for a grant are referred for tailored advice to the Energy Saving Trust advice centre;

- the creation of a system to ensure that installations are completed on time to agreed customer service standards and agreed timelines for installations;
- the handling of customer enquiries and complaints and the provision of post-installation support;
- the management of payments to Warm Front for customer contributions, the payment of installers upon satisfactory completion of works and the inspection of a sample of installations; and
- the provision of quarterly monitoring and end-of-year progress reports to the Council in an agreed format and the meeting of agreed outputs.

3.1.5 Suppliers wishing to provide submissions for the contract were required to complete method statements on all the above points as part of the procurement process.

3.2 **Warmer Wirral**

3.2.1 The Council has also sought a supplier through this process to lead an awareness raising programme of fuel poverty alleviation assistance in tandem with the management of referrals to partner agencies to assist fuel poor households. At present, £75,000 is available over the 20 month period (1st August 2009 to 31st March 2010) to deliver Warmer Wirral, which includes any management costs from the Wirral Energy Fund.

3.2.2 It is intended the supplier will carry out:

- the co-ordination of an area-based approach to tackle fuel poverty in areas pre-determined by the Council, based on higher than average levels of fuel poverty;
- the provision of house-to-house, face-to-face assessment of need to reduce the effects of fuel poverty on the household and the management of onward referrals to appropriate agencies and initiatives, for example:
 - Energy Saving Trust advice centre for tailored advice and referrals into energy efficiency grants and support including Warm Front
 - npower Health Through Warmth
 - Merseyside Fire & Rescue Service for Fire Safety Checks
 - Benefit entitlement checks
 - Energy tariff advice
- where needed, especially in the case of more vulnerable clients, the supplier will also 'hand-hold' clients through the referral process and installation of energy efficiency and heating measures;
- the marketing and promotion of Warmer Wirral;
- talks to communities on affordable warmth initiatives (a minimum of 10 talks) and attendance at community events (a minimum of 10 events) with staffed display stands and information leaflets;
- the training of front-line staff within organisations, including the Council, that may encounter fuel poor households, to inform them of the assistance available and agencies to refer to (a minimum of 80 staff trained); and
- the provision of the Council with 6-monthly and end-of-year progress reports in an agreed format as part of the procurement process.

3.2.3 Suppliers wishing to provide submissions for the contract were required to complete method statements on all the above points.

4.0 PROCUREMENT PROCESS AND TENDER EVALUATION FOR COSY HOMES AND WARMER WIRRAL

- 4.1 The Council's Corporate Procurement Team led the procurement process for CosyHomes and Warmer Wirral. An OJEU Notice in two lots (to deliver one or both initiatives) was issued on 24th April 2009 and at the same time potential suppliers were e-mailed to inform them of the Notice, including all members of Wirral Voluntary & Community Sector Network. By the closing date on 18th June 2009, there had been 41 expressions of interest. Subsequently 3 organisations submitted quotation documents to deliver just the CosyHomes Grants and 4 organisations submitted documents to deliver both CosyHomes and Warmer Wirral.
- 4.2 The evaluation panel, consisting of 2 officers from the Housing Strategy Team and 2 officers from the Procurement Team, scored the submissions based on the method statements each organisation submitted. The financial elements of the submissions were evaluated by a Group Accountant from the Finance Department. All scores were entered into the Public Sector Quality Price Model and weighted accordingly. The quality: price ratio was 80:20.
- 4.3 As Energy Projects Plus scored the highest for both lots and the tender is below £500,000, I have formally accepted this tender under delegated authority. The contract began on 1st August 2009 and will run until 31st March 2011 (with the option to extend for a further 2 years to be renewed annually). Reports on progress under the contract will be made annually to Members on the Virtual Committee within update reports on the progress of the Wirral Affordable Warmth Strategy.
- 4.4 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 10 years and has delivered fuel poverty awareness-raising initiatives for over 14 years. They have delivered CosyHomes on behalf of Wirral Council since 2004 and the Council had a Service Level Agreement with their former Energy Efficiency Advice Centre since 2001. They now operate the Merseyside & Cheshire Energy Saving Trust Advice Centre under contract.

5.0 WARM STREETS

- 5.1 The Council has been approached by several organisations, including an energy company, insulation companies and home energy project management companies to seek endorsement of their own home insulation initiatives. Officers have therefore carried out a desk-top exercise to select one partner organisation to promote competitively priced insulation on a door-to-door basis in areas with a large potential for uptake of cavity wall insulation. The organisations usually work solely within the home energy efficiency field and are able to offer the promotion service at no cost to local authorities due to the referral fees surveyors receive from the insulation or energy companies. The requirements of the Council in selecting a partner include:
- ensuring the organisation is independent of any one insulation company or energy company;
 - the ability to provide competitive prices for different house-types where the householder is required to contribute to funding;
 - having excellent customer service; and
 - working with installation partners with excellent customer service and with a presence in the North West.

- 5.2 It is recommended that the Council partner with Apex Carbon Solutions Ltd (marketed as Home Carbon Savers), who have previously worked with the Council on a similar initiative under the Eon “HeatStreets” banner (approved by Cabinet 4th December 2003) which has now ended. They are currently working with a range of other local authorities to deliver “Warm Streets”, including Newark & Sherwood (Beacon Council for Tackling Fuel Poverty), Rossendale, Fylde and Chichester. Apex have a strong track record in delivering outputs and under “HeatStreets” in Wirral during 2008 delivered over 800 energy efficiency measures. The new “Warm Streets” would offer a continuation of this approach to delivering CO₂ savings in Wirral households. Apex provides Wirral-based surveyors, offering local employment opportunities and good local knowledge, as well as a quick response to any issues that may arise.
- 5.3 The offer for households under “Warm Streets” is based upon criteria set by OFGEM (the gas and electricity markets regulator) and is outside the control of the Council, Apex and the energy and insulation companies. That offer is as follows for:
- **“Priority Group” households** – for householders aged 70 or over or in receipt of a qualifying benefit¹, cavity wall insulation and loft insulation (where there is currently less than 60mm thickness) is provided free-of-charge;
 - **“Able-to-Pay” households** – all other private sector householders will be offered discounted cavity wall insulation and loft insulation (where the current thickness is less than 100mm). Prices vary over time depending on the subsidies offered through the Carbon Emissions Reduction Target (CERT) funding from the energy companies. Apex will match the householder with the most competitive price for their house-type from the installers they work with. The current best offer for cavity wall insulation is £99 across all house-types.
- 5.4 Apex will market the offer in the first instance through a hand-delivered letter on Council-headed paper which will explain the initiative, state that surveyors will be in the area for the next few days and will offer a freephone number to book a survey appointment. The letter will be followed a few days later by door-knocking to carry out surveys, with calling cards left if there is no response. The surveyors will carry ID and an authorisation letter from the Council and present it to all householders they speak to. In addition to the technical survey, the surveyor will also complete an Energy Saving Trust advice centre questionnaire with the householder which will generate an advice report and offer other grants that the householder may benefit from, such as Warm Front if appropriate for heating improvements. The questionnaire will also generate an energy efficiency (“SAP”) rating for the Council which will inform future intervention activity.
- 5.5 Following a customer enquiry to the freephone number or a positive response on the door-step, a technical survey will be carried out within 5 working days and works carried out within a further 6 weeks. Customer satisfaction checks are carried out on a minimum of 20% of households and technical inspections carried out on 5% of properties; the results of these will be given to the Council. Council officers will also monitor any queries and complaints which are reported to the Council and they will be dealt with as per Apex’s and the Council’s customer service commitments. The Council reserves the right to withdraw support for the initiative at any time.

¹ The qualifying benefits are Income Support, Income-based Job Seekers Allowance, Council Tax Benefit, Housing Benefit, Pension Credit, Child Tax Credit or Working Tax Credit (both where household income is £15,592 per annum), Disability Living Allowance, Attendance Allowance, Industrial Injuries Benefit or War Disablement Pension (both must include Constant Attendance Allowance).

5.6 The partnership with Apex will generate £425,000 worth of funding from the energy companies, contributions worth £400,000 from householders, will install approximately 2500 measures and will save around 1,875 tonnes of CO₂ every year by March 2010.

6.0 FINANCIAL IMPLICATIONS

6.1 Energy Projects Plus' price for delivering the CosyHomes initiative is £22,200 which will be funded from the Housing Market Renewal Initiative Energy Efficiency Pot. Their price for delivering Warmer Wirral is £75,000 which will be funded from the Wirral Energy Fund (this fund was established using income received from Scottish Power prior to Stock Transfer, from the change of energy supplier for void properties, and will be fully spent following the 20 month contract). Funding to continue both initiatives beyond March 2011 will need to be sought in 2010.

6.2 There is no cost to the Council for the delivery of the Warm Streets initiative.

7.0 STAFFING IMPLICATIONS

7.1 The Council will monitor and review performance of this initiative using existing resources.

8.0 EQUAL OPPORTUNITIES IMPLICATIONS

8.1 Fuel poverty is disproportionately suffered by the older and vulnerable groups in society.

9.0 COMMUNITY SAFETY IMPLICATIONS

9.1 The Community Safety Team will be kept informed of door-knocking activity and will be provided with the identification of the staff involved.

10.0 LOCAL AGENDA 21 IMPLICATIONS

10.1 Affordable warmth initiatives aim to reduce fuel poverty and assist those households considered to be most vulnerable. There is also a CO₂ saving associated with the installation of energy efficiency measures.

11.0 PLANNING IMPLICATIONS

11.1 None.

12.0 ANTI-POVERTY IMPLICATIONS

12.1 The Wirral Affordable Warmth Strategy aims to reduce fuel poverty and therefore impacts upon the wider poverty agenda.

13.0 SOCIAL INCLUSION IMPLICATIONS

13.1 Affordable Warmth initiatives target those groups that potentially may otherwise not access advice on energy efficiency, benefit entitlement and changing energy suppliers.

14.0 LOCAL MEMBER SUPPORT IMPLICATIONS

14.1 **Cosy Homes** – operates throughout the HMRI area which is within the following Wards: Bidston and St James; Birkenhead and Tranmere; Rock Ferry; Seacombe; Liscard; Claughton; Oxton; and Bromborough.

- 14.2 **Warmer Wirral** – targets areas of higher than average levels of fuel poverty including the wards of the HMRI area (as above) and also parts of New Brighton, Leasowe & Moreton East, Upton, Prenton and Eastham.
- 14.3 **Warm Streets** – will target areas of Moreton West & Saughall Massie, Hoylake & Meols, West Kirby & Thurstaston, Greasby, Frankby & Irby, Pensby & Thingwall, Heswall, Clatterbridge, Bromborough, Bebington and Wallasey.
- 15.0 **BACKGROUND PAPERS**
- 15.1 Cabinet Report, “Proposed Triangles Group Repair Scheme, Birkenhead”, 8th September 2004, Item 11.
- 15.2 Public Sector Quality Price Model, accepted under delegated authority.
- 15.3 “Energy Efficiency in Private Homes – Wirral Council”, report by Apex Carbon Solutions Ltd, 2nd July 2009.
- 16.0 **RECOMMENDATION**
- 16.1 That Members note the appointment, through delegated authority, of a delivery partner for “CosyHomes” and “Warmer Wirral”.

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