

**Report for:** Leader, 14 May 2021

**Title:** Energiesprong retrofit award of contract

**Report authorised by:** David Joyce, Director of Housing, Regeneration & Planning

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**Ward(s) affected:** White Hart Lane

**Report for Key/  
Non-Key Decision:** Key Decision

## 1. Describe the issue under consideration

1.1 This report seeks approval from the Leader of the Council for the award of an Innovation Partnership contract for an Energiesprong retrofit project. Awarding the contract to Bidder 2, for a total value of up to £4.3m for stages 1 and 2 as permitted under CSO 9.07.01(d). This follows an OJEU compliant competitive tendering exercise run by Transport for London (TFL), with the support of the Greater London Authority (GLA) and Turner and Townsend on behalf of Haringey and 6 other local authorities under the Mayor of London's Retrofit Accelerator – Homes programme.

Note that this delegation was agreed under 3.4 in the Cabinet Report "Energiesprong Retrofit Pilot Project Progression" at the Cabinet meeting on the 16<sup>th</sup> March 2021.

1.2. In Stages 1 and 2 of the contract the Energiesprong solution provider will design and deliver an Energiesprong retrofit solution for 51 Council owned properties.

1.3 This award of contract will enable the progression of the Energiesprong pilot project and allow the Council to claim the £1.6m Department for Business, Energy & Industrial Strategy (BEIS) funding secured for delivery as agreed by Cabinet on 16 March 2021.

## 2. Cabinet Member Introduction

N/A

## 3 Recommendations

It is recommended that the Leader of the Council:

3.1 Approves the award of the Energiesprong innovation partnership contract to Bidder 2 identified in the exempt report for the maximum sum of £4.3m for stages 1 and 2, as permitted under CSO 9.07.01(d).

3.2 The Innovation Partnership contract term shall be for a period of up to 31 months. Consisting of 4 stages.

Stage 1:- Design Phase	May 2021 until July 2021
Stage 2:- Installation of retrofits on 51 properties	August 2021 – December 2021
Stage 3*: Potential for a further 55-75 properties	December 2021 – May 2022
Stage 4*: Potential for a further 15—250 properties	June 2022 – November 2023

\* Stages 3 and 4 are subject to further Cabinet approval.

3.3 To note that the decision whether or not to issue the notice to proceed from the design to the installation phase (from Stage 1 onto Stage 2) will be determined by the Director

of Housing, Regeneration & Planning in consultation with the Cabinet Member for Housing and Estate Renewal.

- 3.4 To note that there is an additional £0.2m match funding for project delivery (client project manager, procurement etc) which will be met from existing budget.

#### 4. **Reasons for decision**

- 4.1 Cabinet agreed to undertake an Energiesprong Retrofit at the Cabinet meeting on 16<sup>th</sup> March 2021. The award of the contract to Bidder 2 is the result of an OJEU compliant procurement and evaluation exercise conducted with the GLA, Turner and Townsend, TFL and 6 other local authorities under the Mayor of London's Retrofit Accelerator – Homes programme.

#### 5 **Alternative options considered**

##### 5.1 *Do Nothing*

The Council has a commitment to become a net zero carbon borough by 2041. The Council has been awarded £1.6m from BEIS to undertake this project. This comes with a requirement to complete the installation by December 2021. The BEIS funding allows a net zero energy retrofit to be trialled at a significantly reduced cost. If the contract is not awarded this funding will need to be returned.

##### 5.2 *Delay*

The Council could wait until November 2023 when it is expected that a national framework will be available for Energiesprong and the gross maximum price for an Energiesprong installation is expected to have fallen by around 35%. However there is no financial benefit to this approach as Government subsidies are unlikely to be available once the economic price point has been reached. The Council will also be unable to claim the £1.6m funding awarded by BEIS.

#### 6. **Background information**

- 6.1 TFL were instructed to undertake a procurement exercise on behalf of the local authorities and the GLA. A supplier selection process resulted in 12 installers submitting an expression of interest in delivering this project. These were evaluated by Energiesprong UK and Turner and Townsend and 10 contractors were shortlisted taken forward and asked to submit detailed tenders.

- 6.2 8 of the 10 suppliers submitted a tender which was then evaluated by a representative from each participating local authority (which included a representative for Haringey), the GLA, Energiesprong UK, and Turner and Townsend. 1 supplier subsequently withdrew leaving 7 supplier bids going through the evaluation process.

- 6.3 The evaluation of proposals included:-

(a) Compliance Check: Any bidders that did not appropriately submit and complete the compliance would have been disqualified. Compliance items included:-

- conflict of interest declaration
- non-collusion declaration
- personal service company declaration;

This was evaluated by TFL.

(b) the Commercial Submission: this was assessed on a Pass/Fail basis; each bidder was required to provide a written submission/policy to cover their approach to:-

- equality, diversity and inclusion
- strategic labour needs and training
- ethical sourcing

This was evaluated by GLA.

(c) the Technical Submission: was scored and weighted as follows:-

- Design 10%
- Capability to delivery 10%
- People's skills and responsibilities 10%
- Commercial Approach 10%
- Supply chain 10%
- Operations and maintenance 8%
- Stakeholders 7%
- Risks, mitigations and opportunities 5%

An evaluator from each participating local authority individually assessed each bid and submitted their responses independently on TFL's Award evaluation portal. Each of the evaluators attended a consensus meeting on 31 March 2021.

(d) the Financial Submission was scored and weighted as follows

- Design and Construction Fee Percentage 10%
- Design and Construction Staff and labour rates 10%
- Operation and Maintenance Overhead and Profit Percentage 5%
- Operation and Maintenance Staff and Labour Rates 5%

This was evaluated by TFL and Turner and Townsend.

(e) the Safety, Health and Environment Submission was assessed on an overall Pass/Fail basis; This was evaluated by TFL.

6.4 The suppliers were then ranked using the following headline criteria:

- 70% (Technical Submission)
- 30% (Financial Submission).

6.5 Following the evaluation the bidders were ranked as follows:-

Supplier	Final score	Ranking
Bidder 1	84.1760	1
Bidder 2	71.3190	2
Bidder 3	70.5215	3
Bidder 4	61.9835	4
Bidder 5	54.4290	5
Bidder 6*	37.8535	N/A
Bidder 7*	32.6840	N/A

\* Bidders 6 and 7 failed elements of the Technical and SHE submission and were therefore not successful.

6.6 Within each tender the Bidders were asked to indicate which of the authorities they would like to work with. Their preferences are annotated below

Authority	Bidder 2	Bidder 5	Bidder 4	Bidder 3	Bidder 1
Ealing	5	1	3	2	6
Haringey	1	2	5	5	5
Barking	4	6	4	1	1
Sutton - Coulsdon	3	3	2	4	3
Sutton - St Helier	2	4	1	3	4
Nottingham	6	5	6	6	2
Ranking	2	5	4	3	1

6.7 The evaluation rankings (para 6.5) and the contractors project preferences (para 6.6) were used to match up bidders with each authority. The winning bidder was allocated to their highest preferred authority choice. The second placed bidder was allocated to their highest preferred authority still available. Similarly, the third placed bidder will be awarded their highest preferred authority still available. Bidders cannot be allocated to more than one authority scheme. This resulted in the following allocations:-

Authority	Solution Provider
Ealing	Bidder 3
Haringey	Bidder 2
Barking	Bidder 1
Sutton - Coulsdon	tbc
Sutton - St Helier	Bidder 4
Nottingham	tbc

Energiesprong is new to the UK and there is a need to develop a robust and innovative supply chain. The approach detailed above allows multiple authorities and suppliers to work collaboratively and ultimately, at the end of Stage 4, lead to the setting up of a framework of suppliers to deliver deep retrofit at scale.

6.8 The project and innovation partnership contract timeline is as follows:-

Stage 1: Design Phase including comfort charge design s105 consultation	May 2021 until July 2021 July – August 2021
Stage 2: Installation on 51 dwellings	August – December 2021
Stage 3: potential for 55-75 properties at £70,000	December 2021 – May 2022
Stage 4: potential for 15—250 properties at £55,000	June 2022 – November 2023

6.9 The contract allows the implementation all four stages. At the end of each stage, the contractor's performance is assessed against a performance table. If the contractor passes the assessment at the end of each of stages 1 to 3 and the other conditions stated in the contract are met, the Council would issue a notice to proceed with the project to the next stage. If the contractor fails to pass the assessment for that stage

they will not progress to the next stage and they will not be issued with a notice to proceed. If the contractor is successful in all four stages and framework conditions are satisfied, then the GLA will serve a framework commencement notice to set up a framework agreement.

- 6.10 If the award of contract is approved, Haringey would immediately enter stage 1 (design) of the project (May 2021 to July 2021). During this period the contractor will design a retrofit solution to the Energiesprong performance specification and billing data will be collected from the tenants. This information will be used to determine the level of the comfort charge. A s105 consultation, which will provide the parameters of the comfort charge, will be undertaken with tenants in July and August 2021. Subject to passing the relevant assessment and the results of the consultation, a notice to proceed to Stage 2 may be issued. Note this was agreed by Cabinet on 16 March 2021 as detailed in the Cabinet report Recommendation 3.5: Agree to design and consult with tenants on the Energiesprong model and the Comfort Charge and Recommendation 3.6 To note that the decision whether or not to proceed with the EnergieSprong pilot, including the Comfort Charge value, and implementation process will be determined by the Cabinet Member for Housing and Estate Renewal
- 6.11 Stage 2 (installation) is planned to take place between September 2021 and December 2021. Works must be complete by 31 December 2021 to claim the £1.6m allocated by the Government under the Social Housing Decarbonisation Fund Demonstrator. The contractor will submit completion documents as part of an end of stage evaluation. If the contractor passes the assessment and the other requirements of the contract, a further notice to proceed can be issued. To move to Stage 3 and Stage 4, allowing further installations to take place if required, and if this fits with the energy strategy for the Council's entire housing stock. The decision whether to issue the notice to proceed will be determined by the Director of Housing, Regeneration & Planning in consultation with the Cabinet Member for Housing and Estate Renewal.
- 6.12 Cabinet approval is required and funding secured to deliver stages 3 and 4. This requirement is included in the conditions of the contract and a notice to proceed can be withheld in the event that this is not approved.
- 6.13 If a notice to proceed to the next stage is not issued, an instruction can be issued by the Council to remove the work required in the next stage(s) from the scope. This instruction is not a compensation event and the Council would not be liable to the contractor for any costs, expenses, losses or damages that it may incur as a result. In addition the Council has the right to terminate the contract at any time for any reason through a termination at will clause in the contract.
- 6.14 Following the award of contract the Strategic Labour Needs and training delivery and implementation plan will be agreed (see para 6.3 above). This will apply to any sub-contractors employed on the project. Within their tender Bidder 2 estimated the creation of 2 apprentice positions within the first year of the project with any onsite vacancies advertised locally. Contractors will be expected to work in partnership with local organisations to source candidates that can benefit from training schemes and engage with local schools, and colleges to identify training that would benefit their students. Once finalised, the agreed plans will include Key Performance Indicators (KPIs) that measure and report on the local training and jobs created. The GLA will monitor contract performance. Homes for Haringey will review and monitor the Energiesprong Implementation plan and any other active contracts with Bidder 2 to agree a set of KPIs which will be used to drive local employment opportunities. LCP targets will be incorporated into any new contracts with bidder 2 and proposals will be submitted on delivery against the Borough's socio-economic aspirations to maximise the benefits in the Borough.

## **7. Contribution to strategic outcomes**

- 7.1 This projects supports the Borough Plan by driving up the quality of housing for everyone (Housing Priority).
- 7.2 Under the Borough Plan (Place Priority) this project will support achieving the borough's Climate Change Action Plan outcomes which require extensive refurbishment of the borough's housing stock. This is a huge challenge both technically and financially. Energiesprong retrofits could potentially offer a solution.
- 7.3 There are estimated to be over 15,000 households experiencing fuel poverty in the borough. Improving the energy efficiency of our housing stock to reduce fuel bills is the most effective means of achieving a key objective of the Council's Affordable Energy Strategy 2020-2025. Improving the energy efficiency of homes remains the most sustainable, long-term solution to fuel poverty. With many homes requiring an extensive package of energy efficiency measures, whole house retrofit solutions, such as Energiesprong, offer many benefits.
- 7.4 Energiesprong also has the potential to contribute to the Council's Good Economy Recovery and Community Wealthbuilding plans. All Energiesprong UK projects to date have spurred local supply chain activity. For example, Melius Homes (Nottingham) opened a new factory producing wall panels with integrated doors and windows. Ventive (London) is developing and manufacturing first prototypes of its "Ventive Home" product in response to the pipeline of Energiesprong projects. Within the SHDF Demonstrator bid it has been projected that the project as a whole (across all partners) will deliver 158.5 FTE construction jobs, 17.5 FTE construction management jobs and 73 FTE factory based roles.

## **8. Statutory Officers comments**

### **8.1 Strategic Procurement**

Strategic Procurement was consulted and is fully aware on the developments in this project. Enegeriesprong has undertaking an OJEU compliant innovation partnership procurement process to appoint suppliers and their tender evaluation and award criteria are in line with the Council's Standing Orders (9.01.2e). Therefore, Strategic Procurement is in agreement with the recommendation put forth by the Carbon Management Team in section 3 of this report.

### **8.2 Finance -**

- 8.2.1. The total sum of this contract is £4.3m and the Council will be receiving a grant of £1.6m towards this pilot scheme – phases 1 and 2.
- 8.2.2 The Council will match this grant with £2.7m and there is provision for this in the 2021/22 HRA Carbon Reduction Budget.
- 8.2.3 These sums cover the phases 1 and 2 of the scheme (pilot scheme). Phases 3 and 4 will require detailed project viability assessment and cabinet approval.
- 8.2.4 The viability of this scheme largely depends on the level of planned maintenance works on the selected sites that will be replaced by Energiesprong works and the level of comfort charge.

- 8.2.5 The information gathered from phase 1 will be used to determine the level of the comfort charge and there will be s105 consultation following that.
- 8.2.6 Phase 3 and 4 will not be progressed until phases 1 and 2 are completed and Energiesprong performance specification and billing data collected to assess the viability of the future schemes and its fit with the Council's energy strategy for the entire stock.
- 8.2.7 The additional project delivery cost of £0.2m represents other costs such as apportioned staff time to this project and this will be met from the existing resources.

### **8.3 Legal**

- 8.3.1 The Head of Legal and Governance note the content of the report.
- 8.3.2 Pursuant to the Council's Contract Standing Order (CSO) 7.01(a), the Council may procure and enter into a contract with a contractor as part of a group of public sector bodies and as such the procurement of the Contractor in the report through an OJEU compliant competitive tendering exercise run by Transport for London (TFL) with the support of the Greater London Authority (GLA) is in line with the Council's Contract Standing Orders.
- 8.3.3 The innovation partnership procedure through which the contract in the report is procured is an OJEU compliant procurement procedure and pursuant to the provisions of the Council's CSO 9.07.1(c), Cabinet has power to award a contract where the value of the contract is £500,000 or more.
- 8.3.4 Pursuant to the provisions of CSO 16.02, the Leader may take any decision reserved for members where such decision is needed to be taken between Cabinet meetings and as such the Leader has power to make the decision and to award the contract in the report.
- 8.3.5 The Head of Legal and Governance sees no legal reasons preventing the approval of the recommendations in the report

### **8.4 Equality**

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

The proposed decision is to approve the award of the Energiesprong innovation partnership contract to Bidder 2 as set out above.

Cabinet agreed to undertake a Energiesprong Retrofit at a Cabinet meeting on 16<sup>th</sup> March 2021. The award of the contract to Bidder 2 is the result of an OJEU compliant

procurement and evaluation exercise conducted with the GLA, Turner and Townsend, TFL and 6 other local authorities under the Mayor of London's Retrofit Accelerator – Homes programme.

The procurement process as run as an OJEU process by the GLA and TFL. Each Bidder had to submit written confirmation that it already possesses a written policy and/or a written approach in relation to Equality, Diversity and Inclusion together with a full copy of the relevant policy and/or approach; or where they did not have a policy/approach they had to submit a confirmation of its commitment to develop such a policy or approach during the project; and brief details of how it proposes to do this. Bids were evaluated on a pass/fail basis and those unable to pass the EDI requirements did not advance. Increased energy efficiency will benefit tenants in Haringey Council housing. Black people, older people, people with disabilities, and women are over-represented among current Council tenants. To the extent that the proposed decision enables Council tenants to reduce their energy bills, it will represent a measure to advance equality of opportunity for people who share the protected characteristics by meeting their needs where they are different to the needs of others.

Reducing carbon emissions has equality implications. The climate crisis can be expected to disproportionately impact younger people, people on lower incomes, and groups that are already marginalised. Measures to reduce carbon emissions therefore represent means of preventing and mitigating future inequalities.

As an organisation carrying out a public function on behalf of a public body, the contractor will be obliged to have due regard for the need to meet the three aims of the Public sector Equality Duty as stated above.

## **9 Use of Appendices**

Part B report (Exempt)

## **10 Local Government (Access to Information) Act 1985**

This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972): Information relating to financial or business affairs of any particular person (including the statutory holding that information).