

## **Report to the Cabinet**

**Report Reference: C-001-2013/14**

**Date of meeting: 10 June 2013**

**Portfolio: Housing**

**Subject: External Wall Insulation – Nominated Supplier**

**Responsible Officer: Paul Pledger (01992 564248)**

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**Epping Forest  
District Council**

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### **Recommendations/Decisions Required:**

**(1) That Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers) be waived in respect of the nominated supply of External Wall Insulation system by Alsecco.**

### **Executive Summary:**

With the launch of Energy Company Obligation (ECO) funding in January 2013, the Council has an opportunity to apply external wall insulation to hard to heat solid wall properties funded almost entirely by grant funding. Alsecco, who are a major supplier of external wall insulation (EWI), are able to offer a full design and project management service as well as a 60-year guarantee on their product. They have been working with the Council to identify the properties that will benefit from the highest levels of grant funding, and have sought on behalf of the Council, grant amounting to around 80% contributions towards the cost of the works. The Council has already installed EWI supplied by Alsecco on 3 semi-detached properties in Walls Green, which has transformed the external appearance and energy efficiency properties of these rural properties to great satisfaction of the residents.

### **Reasons for Proposed Decision:**

Having looked at a number of systems as part of the initial feasibility study, only Alsecco are in a position to offer a 60-year guarantee on their external wall insulation system, with others only offering a 30-year term. This alone is more attractive to ECO funders due to the longer period of time that they can offset reductions in carbon emissions, which is a key driver for funders. By nominating Alsecco, the Council can work up a scheme, consult with residents, tender the installation, and secure the grant at an early stage. However, nominating a single supplier requires a waiver of Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers).

### **Other Options for Action:**

To open the tender up on the basis of supply and installation using a performance specification stating a requirement for a 60-year guarantee. However, only one supplier is able to fulfil this. However, using that tender route, the Council would have to survey, work up the designs and project manage the works and apply for grant ourselves, which would require an additional resource. With this option, the level of grant that could be secured would not be known from the outset and therefore the level of gap funding would not be known, making it difficult to plan the

programme.

To nominate an alternative supplier. However, the Council would not benefit from such a long guarantee, and as a consequence unlikely to attract such a good grant contribution. In addition, the Council may not benefit from a full design and supervision service.

To not undertake the works, and not benefit from the ECO funding.

### **Report:**

1. In January, the Government launched the Energy Company Obligation (ECO) funding whereby energy providers are required to fund energy efficiency measures to social housing providers to help improve the energy efficiency of its housing stock and therefore reduce heating costs for those in fuel poverty. This replaces the Community Energy Savings Programme (CESP) and Carbon Emissions Reduction Target (CERT).

2. Having already installed cavity wall insulation and loft insulation in almost all Council properties capable of having such measures, the Council needs to address those remaining properties where the walls are either solid wall or of non-traditional construction where cavity wall insulation is not possible. External Wall Insulation (EWI) is the emerging solution, and is attracting high levels of ECO funding.

3. In anticipation of ECO funding, the Council has undertaken a detailed feasibility study into EWI systems and has already piloted EWI at 3 semi-detached properties at Walls Green, Willingale, which has transformed the external appearance and energy efficiency properties of these rural properties to great satisfaction of the residents. The cost of installing EWI at these properties was around £10,200 per property.

4. Alsecco were the nominated supplier for that pilot scheme, with tenders sought from a list of Alsecco approved installers. The reason for using Alsecco approved installers is to benefit from a 60-year product guarantee. This factor is attractive to ECO funders who are looking to claim and therefore offset the reduction in carbon emissions over the long-term.

5. Now that ECO funding is available, the Council is looking to benefit from a much more ambitious programme, initially for around 35 rural properties with solid walls that are difficult to heat, funded in the main by ECO grant. Alsecco are already in contact with all of the energy providers and are actively seeking out the best grant rates. With 60-year guarantees, energy providers are offering around £8,000 grant per property, which is almost 80% of the cost of installing EWI. An additional advantage to nominating Alsecco at this early stage is to benefit from their design and supervision services including quality control. This will save the Council having to seek additional resources to manage such a programme.

6. Other suppliers, and therefore competitors to Alsecco, are only able to offer a 30-year guarantee and are not offering such a comprehensive design and supervision service.

7. By nominating Alsecco as the sole supplier then Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers) would need to be waived as the supply costs would be close to, or exceed 10% of the prime cost sum for each property as a whole.

8. Nominating Alsecco as the supplier at this early stage allows the Council can work up a scheme, consult with residents, tender the installation, and secure the grant at an early stage. This helps the Council to better manage its programme and budgets.

**Resource Implications:**

A ECO grant income of around £8,000 per property, which equates to around £280,000 across all 35 properties in Phase 1. This will offset anticipated costs of around £350,000, meaning the Council will have to fund around £70,000 from its existing Capital programme for Energy Efficiency Works.

**Legal and Governance Implications:**

This waiver is a requirement as set out in Contract Standing Orders.

**Safer, Cleaner and Greener Implications:**

This approach will see a reduction in carbon emissions to 35 hard to heat solid wall constructed rural properties.

**Consultation Undertaken:**

None.

**Background Papers:**

Feasibility Report produced by Alsecco into the first 35 properties in Phase 1.  
R&M Equality Impact Assessment.

**Impact Assessments:**

The need for separate Equalities Impact Assessments has been considered but deemed unnecessary, since a Housing Repairs Service and Asset Management Customer Impact Assessment has been carried out for all responsive repairs and planned maintenance works, which includes replacement kitchens. This includes monitoring customer satisfaction. Priority for works is based on the condition of the components in the home rather than the individual characteristics of the occupants.

The main risks to the Council and or mitigation factors have been taken into account are:

(a) This nomination is limited to the first phase of the programme for around 35 Council properties. The decision to extend the programme will be subject to a further Cabinet report.