

## Record of operational decision

<b>Decision title:</b>	To award two contracts for installations under phase 2 of the Home Upgrade Grant.
<b>Date of decision:</b>	10 <sup>th</sup> November 2023
<b>Decision maker:</b>	Mark Averill – Service Director for Environment & Highways
<b>Authority for delegated decision:</b>	The authority is for the specified officer to take this decision as per the following cabinet member decision notice dated 24 February 2023:  <a href="https://www.herefordshire.gov.uk/decision-home-upgrade-grant-phase-2">Decision - Home Upgrade Grant - Phase 2 (herefordshire.gov.uk)</a>
<b>Ward:</b>	Countywide
<b>Consultation:</b>	The Cabinet Member Environment and Deputy Leader of the Council has been briefed and is supportive of the proposal. The procurement process has been supported by HC Commercial services.
<b>Decision made:</b>	<ul style="list-style-type: none"> <li>- To abandon the previous procurement due to compliance issues with received bids.</li> <li>- To award the Home Upgrade Grant Phase 2 project installation contracts to Evolve Home Energy Solutions Services (Lot 1- South Herefordshire) and PHS Home Solutions Ltd (Lot 2- North Herefordshire) for the provision of Whole House Retrofit services to domestic properties for a period of two years at a total cost of up to £6,455,000.</li> <li>- To delegate authority to the Senior Project Manager to spend and manage the allocated budget within the parameters of the grant scheme.</li> </ul>
<b>Reasons for decision:</b>	<ul style="list-style-type: none"> <li>- As part of the procurement process, two contractors are procured to minimise the risk of delays to the scheme associated with contractor capacity.</li> <li>- The named companies have been chosen as the preferred suppliers for the works via a whole house retrofit tender exercise run through the Midlands Net Zero Hub (MNZH) Dynamic Purchasing System (DPS) in conjunction with Commercial Services and Sustainability &amp; Climate Change officers.</li> <li>- The project, to install selected retrofit measures including Air Source Heat Pumps (ASHP), Solid Wall Insulation (SWI) and insulated doors and windows across fuel poor homes in Herefordshire uses Home Upgrade Grant 2 funding from the Department for Energy Security &amp; Net Zero (DESNZ) via MNZH.</li> <li>- 306 household installations are targeted across Herefordshire in principle by the end of March 2025.</li> <li>- Fuel poverty remains a significant issue in Herefordshire, with an estimated 14,145 (16.7%) of households in fuel poverty across the county.</li> <li>- Fuel poverty levels in the county are a result of a combination of low incomes, above average numbers of older, ‘hard to treat’ properties and poor coverage of the mains gas network, due to rurality.</li> </ul>

	<ul style="list-style-type: none"> <li>- Many homes in the county therefore rely on expensive heating fuel systems and as a result have poor energy efficiency ratings and high relative greenhouse gas emissions. There are an estimated 60,000 properties Energy Performance Certificate (EPC) rated D to G (Building Research Establishment 2019) in Herefordshire.</li> </ul>
<b>Highlight any associated risks/finance/legal/equality considerations:</b>	<ul style="list-style-type: none"> <li>- Each contract will be awarded initially for a value of £3,227,500, to cover 153 installs, which must be completed, reported and scheme compliant by May 31<sup>st</sup> 2025.</li> <li>- Funding will be paid to the supplier at an agreed rate per property based on designated scheme criteria relating to the Energy Performance of the property.</li> <li>- As with all grant funding accepted, particular care should be taken to ensure that all grant conditions are understood (including those relating to clawback) and met during the project.</li> <li>- The use of the DPS to commission the works is permissible under the Public Contracts Regulations 2015 and is part of the risk mitigation strategy for the risk of under-delivery, which is enhanced by the short timescales of the project.</li> <li>- Actions in place to minimise risk to the project include procurement of multiple contractors, putting appropriate project management and governance arrangements in place as well as effective partnership working with our customer journey support partner, Severn Wye Energy Agency (SWEA).</li> <li>- SWEA have supplied a similar function on other schemes (Warm Homes Fund, Green Homes Grant LAD phase 1a, 2)</li> </ul>
<b>Details of any alternative options considered and rejected:</b>	<p>Alternative options considered and rejected:-</p> <ul style="list-style-type: none"> <li>- Not to accept or part accept the grant funding. This is not recommended, as this would make it difficult for Herefordshire fuel poor households to receive support at the levels stated within the bid, as other funding streams alone are likely to result in significant funding shortfalls for fuel poor households.</li> <li>- This will result in a risk of not achieving the council’s strategic objectives within the County Plan 2020 – 2024 and Health &amp; Wellbeing Strategy and will not make progress towards the Council’s 2030 net zero carbon ambition for the county.</li> </ul>
<b>Details of any declarations of interest made:</b>	N/A

Signed..... Date: