



## **ADVANCED PUBLICATION OF REPORTS**

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members  
and operational key decision makers.

Once signed all decisions will be published on the Council's  
Publication of Decisions List.

- 1. SIGNING OF THE INNOVATION PARTNERSHIP CONTRACT AND AGREEMENT TO THE APPOINTMENT OF OSBORNE AS THE SOLUTION PROVIDER AND THE DELIVERY MECHANISM OF THE PROPOSED ENERGIESPRONG RETROFIT PROJECT. THIS IS FOR 36 COUNCIL PROPERTIES IN A BEIS WHOLE HOUSE RETROFIT (WHR) PROJECT FUNDED VIA THE NATIONAL RETROFIT ACCELERATOR SCHEME (Pages 1 - 18)**

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***Please note Part 2 report is the confidential appendix.***

## **London Borough of Enfield**

### **Operational Report**

**Report of** [Joanne Drew]

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**Subject:** [Signing of the Innovation Partnership Contract and agreement to the appointment of Osborne as the Solution Provider and the delivery mechanism of the proposed Energiesprong Retrofit Project. This is for 36 Council properties in a BEIS Whole House Retrofit (WHR) project funded via the National Retrofit Accelerator Scheme]

**Executive Director:** [ Sarah Cary ]

**Ward** [Edmonton Green, Upper Edmonton and Haselbury  
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**Key Decision:** [ 5332 ]

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### **Purpose of Report**

1. This paper provides the background information in support of approval to enter into and signing up to an Innovation Partnership Contract with Geoffrey Osborne Limited the Solution Provider (Enfield notified by Turner & Townsend on the 17th August 2021 that Osborne had formally selected Enfield as their preferred scheme from Tranche 2 Landlords). This is for the delivery of the Energiesprong Retrofit Project for 36 Council properties in accordance with the BEIS Whole House Retrofit (WHR) funded project via the National Retrofit Accelerator Scheme.
2. To move this forward, the Notice to Proceed at the end of the Design Phase (Stage 1) and the proposals for a "Comfort Charge" that is to be included in the Rent and Service Charge policy to be agreed by Cabinet in February 2022 are required.

### **Recommendations**

3. Approve entering into and signing up to an Innovation Partnership Contract with Geoffrey Osborne Limited, Enfield Council's allocated Solution Provider for the delivery of the proposed Energiesprong Retrofit Project for 36 Council properties in accordance with the BEIS Whole House Retrofit (WHR) funded project arrangements via the National Retrofit Accelerator Scheme.

4. Approve the Notice to Proceed at the end of the Design Phase (Stage 1). Designs will be submitted to Planning for approval. Initial engagement has been undertaken with colleagues in Planning.
5. Agree to the principle of a “Comfort Charge” to be developed, consulted on with residents and the outcome recommendation included in the Rent and Service Charge policy to be agreed by Cabinet in February 2022.

### **Reason for Proposal(s)**

6. Enfield Council have signed up to the Collaboration Agreement (in accordance with KD 5275 - Innovation Partnership - signing up to the Collaboration Agreement, General exception – Rule 16) which is a back to back agreement with the Memorandum of Understanding entered into between the Lead Local Authority (Barking and Dagenham Council) and the Secretary of State for BEIS. The next stage in the process is to enter into the Innovation Partnership Contract with Osborne’s the appointed Solution Provider for the delivery of the proposed Energiesprong Retrofit Project for 36 Council properties.
7. In Stages 1 and 2 of the contracts, the Energiesprong Solution Provider will design and deliver an Energiesprong retrofit solution for 36 Council owned properties for the Enfield Scheme.
8. This award of contract will enable the progression of the Energiesprong pilot project and allow the Council to claim the £1,170,494 Department for Business, Energy & Industrial Strategy (BEIS) funding secured for the delivery which supports the Council in the delivery of a retrofit plan, working towards a minimum SAP score of 86 for every property by 2030 and the targeting of investment in order to achieve its Carbon Neutral Pledge.

### **Relevance to the Council Plan**

9. The deep retrofit works will support the priorities and principles contained in Councils Climate Action Plan to commence the decarbonisation of the Councils Housing stock.

### **Background**

10. Enfield council was invited to bid and was successful in December 2020 for funding to decarbonise 36 homes as part of stage two National Net Zero Retrofit Accelerator (NNZRA). The funding was agreed with the Greater London Authority (GLA) and monitored by Business, Energy, and Industrial Strategy (BEIS). NNZRA is a major step towards goal of delivering self-financing, performance guaranteed, net zero retrofit at scale across the UK.
11. The Energiesprong performance specification is outcome based and doesn’t specify the technical solution, but in summary the specification

will seek to provide a temperature of 21oc in living rooms and 18oc in bedrooms, hot water and plug power, at an affordable total cost. An Energiesprong retrofit takes a whole house approach. A single contractor is procured to deliver a 'design, build and guarantee' contract against the Energiesprong.

12. In the Energiesprong model, tenants are charged a "Comfort Charge" (which is equal or less than their current combined utility bills). The aim is that the Comfort Charges and the reduction in planned maintenance charges over a 30-year period will cover the cost of the Energiesprong installation.
13. Six social landlords will deliver 270 net zero housing retrofits in London and Bristol and uses new, national procurement mechanism, 'Retrofit Accelerator Homes Innovation Partnership' (RAHIP) with panel of Solution Providers, including local, innovative SMEs and larger companies or consortiums.
14. The lead partner is the London Borough of Barking and Dagenham with other Landlord Partners (LP). This project is to be administered under the terms of the NEC4 Contract Option 'C'. Stage one is the design stage with stage two being the prototype at £90K per home for 36 homes, stage 3 – proposed Pilot (£70K per home, for 50 homes) with stage 4 Commercialisation – (£55K per home for 100 homes). Stage two we have received funding from the GLA of £30K per home. The purpose of which, is to drive innovation throughout the supply chain, and cost reduction to the point where net zero retrofit is self-financing from the value of income and savings delivered by the retrofit and therefore deliverable at scale across the UK.

### Financial Implications

15. The envisaged total project cost is £3,281,692 which is for 36 homes at circa £91k/home. The Council is being granted £1,170,494 which is circa £32k/home. The remaining cost of £2,111,198 which is circa £58k/home is being funded from HRA capital programme.
16. The budget allocation for this project is detailed below:

	2021/22
Match Funding Project Costs including professional fees	£2,111,198
Contingency @ 10%	£211,119
LBE Staff charges @ 1.4%	£32,512
Professional fees	£50,000
Totals	£2,404,829

17. The match funding amount of £2,404,829 from Enfield shall come from 'Environmental Improvements' budget as detailed in the Cabinet report dated 28th January 2020 (HRA – 30 Year Business Plan 2020 (KD4969).
18. Revenue savings are envisaged from ceasing gas safety checks as the gas supply will be decommissioned. These will be monitored as part of this pilot project and will then inform future such works.
19. We have received prior Cabinet approval for the HRA 30 Year Business Plan 2020 and approval for the 5 year investment programme which was provided in January 2020 (KD4969) as such we have the relevant authority for a total spend of £245m within the 5 year programme which includes "Environmental improvements" and it has been identified that the capital expenditure for the deep retrofit works to the 36 properties will be funded from the 30 year Capital Programme at the report which shows £2.5m under 'Environmental Improvements'.
20. Advice has been sought from the Councils Legal Team and although it is acknowledged that monies have been moved around within the 5-year programme between years to consolidate the spend in 2021/22 to fund the pilot, we are still within the agreed spend envelope. The reprofiling of the budget is approved.
21. The 36 properties that have been identified for the Engiesprong deep retrofit fall within 3 Council Wards which are Edmonton Green, Haselbury Road and Upper Edmonton. Please see Appendix A for more details of proposed locations.

### **Bidding Process**

22. Enfield council was invited to bid and was successful in December 2020 for funding to decarbonise 36 homes as part of stage two National Net Zero Retrofit Accelerator (NNZRA). The funding was agreed with the Greater London Authority (GLA) and monitored by Business, Energy, and Industrial Strategy (BEIS). NNZRA is a major step towards goal of delivering self-financing, performance guaranteed, net zero retrofit at scale across the UK.
23. In the Energiesprong model, tenants are charged a "Comfort Charge" (which is equal or less than their current combined utility bills). The aim is that the Comfort Charges and the reduction in planned maintenance charges over a 30-year period will cover the cost of the Energiesprong installation.
24. The procurement process was conducted through the Innovation Partnership Procedure pursuant to Regulation 31 of the Public Contracts Regulations 2015 ("PCR 2015"). The procurement process for 'GLA 81649 – Retrofit Accelerator for Homes: deep retrofit of domestic properties' is being managed by TfL on behalf of the GLA.

25. The tender process followed 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 Enfield and 6 other local authorities under the Mayor of London's Retrofit Accelerator – Homes programme.
26. The invitation to tender (ITT) was issued to those bidders who qualified for this procurement advertised in the Official Journal of the European Union (OJEU) Reference No. 2020/S 220-541823.
27. The procurement of this contract for 'GLA 81649 – Retrofit Accelerator for Homes: deep retrofit of domestic properties' is being carried out under the 'Innovation Partnership' and managed by TfL on behalf of the GLA. The selection process is by way of ranking.
28. (a) Stage 0 constitutes the initial competition, including the publication of the OJEU Notice, the issue of and responses to the SSQ (Standard Selection Questionnaire) and the ITT (Invitation to Tender), and the evaluation of the responses from Bidders in accordance with this ITT.
29. (b) The key ultimate output from Stage 0 is that, following the evaluation of Submissions in accordance with this ITT, up to 10 of the highest-ranking Bidders will be identified and placed in order by reference to the scores achieved in the initial competition, on a Ranking List.
30. (c) Bidders who are awarded a place on the Ranking List as part of Stage 0 may (depending upon their place in the Ranking List, its preferences, and the preferences of other Solution Providers) be allocated a Scheme.

### **Award**

31. Please refer to Confidential Part 2 Appendix for the Contract Award Recommendation

### **Innovation Partnership Contract Timeline**

32. The project and innovation partnership contract timeline is as follows (but may be subject to change):-

Stage 1:	Design Phase including comfort charge design	21st January 2022
Stage 2	Installation on 36 dwellings	15th July 2022 (24th June 2022 property completion + 3 weeks for IP end of stage evaluation)
Stage 3	Potential for 18 properties at £70,000	27th January 2023
Stage 4	Potential for 33 properties at £55,000	26th February 2024

33. The contract allows the implementation of 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.
34. If notice to proceed is issued to Osborne's the Solution Provider, Enfield would immediately enter stage 1 (design) of the project (in accordance with the table above at paragraph 30). 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.
35. Stage 2 (installation) is planned to take place by the 15<sup>th</sup> July 2022 (24th June 2022 property completion + 3 weeks for IP end of stage evaluation) to claim the £1,170,494 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 Executive Director of Place.
36. Approval is required, and additional funding secured outside the remit of this report 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.
37. 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.

### **Other considerations**

To not include a Comfort Charge

38. Due to the scale of funding required to deliver energy efficiency projects across the whole of the Council's Housing Estate, it is vital that the model of delivery is financially sustainable. If the Council does, not introduce a Comfort Charge and capture some of the energy savings secured by



tenants who live in super insulated properties then the funding agreed for energy efficiency measures may not stretch across the whole portfolio. This may introduce inequality between properties, as although tenants may pay the same rent, they may have significant differences in their energy bills which would not be fair for tenants. The Housing Revenue Account (HRA) is paid into by all tenants and the benefits of any spend from it should be as equitable as it can be, benefiting as many as it can. The Comfort Charge will help refund the costs of the measures delivered by the Council through the HRA and enable the Council to deliver further carbon reduction and energy efficiency projects across the wider Council Housing Estate.

### **The Comfort Charge**

39. With a conventional retrofit, energy efficiency measures are installed within a property. The tenants' rent remains unchanged, and they continue to pay their energy bills to their chosen energy supplier.
40. With an Energiesprong retrofit, a Comfort Charge is introduced. The Energiesprong installation provides tenants with all their plug power, a volume of hot water and thermal comfort. This is provided by onsite generation and battery storage. The tenants then would pay a pre-determined charge for this energy rather than paying their energy supplier.
41. The tenant will retain an account with an energy supplier of their choice. Enabling them to call off the grid if required.
42. Rather than make an amendment to the tenancy agreement it is recommended that the Comfort Charge is provided by a separate agreement. Alternatively, where there is a communal heating system the payments can be collected through a service charge.
43. The Comfort Charge agreement will be governed by the Consumer Credit Act. In the event that the tenant does not pay their Comfort Charge, the electricity generated by the Solar PV supplies can be diverted to the grid. Tenants will then be required to run their home using grid supplier which will be far more expensive acting as an incentive to pay the charge.
44. The exact figure of the Comfort Charge will be agreed at final design, and the final Comfort Charge will be designed to maximise savings to the tenants. This will be based on the level of energy consumption through their energy bill.
45. All tenants regardless of their current energy spend will benefit from this approach. Where residents are currently spending a lot of money for their energy consumption, they will secure a financial saving. Those tenants who cannot afford to adequately heat their homes will have a warm and comfortable home for no more than they are currently paying.

46. Determining current resident bills will be undertaken through resident engagement activities to ensure no residents see an increase in their energy bills. Without this information and until the on-going maintenance costs and subsidies are determined for the specific solution designed for the pilot project it is not possible to finalise the business case and the specific cost for the Comfort Charge required from tenants at this stage.
47. During the resident consultation process if it becomes apparent that a household is struggling to pay their energy bills further financial advice will be provided to make sure that no tenants are pushed into fuel poverty.

Formal resident engagement is required and the detail of this is set out in the Legal Implications section below.

### About the Programme

48. The project will use the Energiesprong approach:
  - net zero in one go: whole house, super-efficient thermal wrap with renewable energy generation, storage and heating;
  - guaranteed actual performance: annual net zero energy, comfort every day and affordable bills;
  - offsite manufacturing: industrialization for quality, cost reduction and minimal onsite disruption;
  - retrofit cost financed by guaranteed long term energy and maintenance savings;
  - affordable, grid friendly electrification: 90% carbon reduction now, zero carbon as the grid decarbonises.
49. The project builds on two BEIS Whole House Retrofit (WHR) funded Energiesprong projects that are already delivering 174 net zero retrofit homes in two landlords by two solution providers. It also builds on the Mayor of London's Retrofit Accelerator Homes programme, a revenue only three-year programme, and Energiesprong UK's national revenue funded work. Together these initiatives have built a pipeline of social landlords with investment ready net zero retrofit projects.
50. These two programmes are using the national procurement mechanism (RAHIP), delivering supply chain consistency and economies of scale. The explicit purpose of RAHIP is to drive innovation throughout the supply chain reduce the cost of retrofit.

### Main Considerations for the Council

51. The 36 homes that have been identified by Enfield Council to be put forward for retrofitting and the amount of funding that would be available for this from BEIS (confirmed 18th December 2020 - as contained in the Collaboration Agreement draft) is:
 

Capital	£1,097,818
Revenue	£72,677
Total Funding    =	£1,170,495

52. This represents 36% of the funding required with Enfield required to find the other 64%. The match funding amount of £2,111,198 from Enfield shall come from 'Environmental Improvements' budget as detailed in the Cabinet report dated 28th January 2020 (HRA – 30 Year Business Plan 2020 (KD4969).

BEIS have stipulated that Tranche 2 landlords need to sign the Innovation Partnership Contract within the next few weeks.

53. A Key decision was lodged on the 17<sup>th</sup> May 2021 with Democratic Services. **KD 5332** - signing of the Innovation Partnership Contract and the appointment of a Supplier to deliver the works for the delivery of the proposed Energiesprong Retrofit Project for 36 Council properties.

## Monitoring

54. In adherence with the Collaboration Agreement monitoring will be undertaken in accordance with the Milestone Schedule to ensure the release of funding at the various critical stages.

55. The works are scheduled to be completed by 15<sup>th</sup> July 2022.

## Part A – Milestone Schedule

Milestone Schedule				
Milestone Number	Milestone Name & Description of Outputs	Date	Grant Amount	Evidence of achievement to be provided
MS0	Collaboration Agreed	Back to back with LBBD receipt of grant subject to LBBD finance process timescales	See Part B	Collaboration Agreement signed
MS1	SHDFD project kick off completed, supplier selection and preparation for design stage underway	31/03/21	See Part B	1) Input to BEIS Monthly reports 1-3 submitted to LBBD and RA-H 2) Innovation Partnership Participation Agreement signed 3) Project team in place 4) Tranche 1, Solution Provider selection underway 5) Tranche 2, Procurement preparation complete (Contract Data, Client Brief and Specific Requirements and Site Information finalised) 6) WP3 written confirmation of surveys collected and resident engagement underway 7) WP5 list of properties selected and written confirmation of monitoring underway
MS2	Design stage underway	30/06/21	See Part B	1) Input to monthly reports 4-6 submitted to LBBD and RA-H 2) Provision of executed Innovation Partnership Contracts
MS3	Design stage complete	30/09/21	See Part B	1) Input to monthly reports 7-9 submitted to LBBD and RA-H 2) Provision of summary of Solution Provider design to LBBD and RA-H 3) Provision of report summarising Innovation Partnership Stage 1 (design ) end of stage evaluation and outcome to LBBD/RA-H 4) Provision of either confirmation of Notice to Proceed to Stage 2, or a notice (Further Tranche Notice) offering Stage 2 to the Innovation Partnership Panel
MS4	Rolling works complete, Stage 2 homes retrofitted	31/12/21	See Part B	1) Input to monthly reports 10-12 submitted to LBBD/BEIS 2) All stage 2 homes retrofitted - evidence of completion/inspection reports 3) Provision of Solution Provider end of stage evaluation documents to LBBD/RA-H 4) Provision of report summarising Innovation Partnership Stage 2 (Prototype) end of stage evaluation and outcome to LBBD/RA-H

## Contract Management

56. The form of contract is NEC4 Option 'C' and will be project managed in accordance with this contract, including the pain gain incentive X22. The project will include a set of Key Performance Indicators (KPI's) to

measure performance and release a percentage of any agreed Performance Profit Deduction (PPD).

57. E.g. the elements for measuring contract performance could be,
- i. Price
  - ii. Programme
  - iii. Quality
  - iv. Customer Satisfaction
  - v. Environmental Management (Waste)
58. The pain gain incentive works by utilising clause X22 of NEC4 – Early Contractor involvement by agreeing to a % of any savings made under this clause.
59. Contract meetings would be held monthly, chaired by the Contract Administrator (CA). Persons present at each meeting would be the Project Manager, Supervisor, Principal Designer and CDM Co-Ordinator of both parties.

### **Safeguarding Implications**

60. As with all projects involving council tenants, there are potential safeguarding implications for young people, children and vulnerable adults. These risks will be managed through normal housing capital works procedures (e.g. DBS checks for suppliers).

### **Public Health Implications**

61. Our Joint Health and Wellbeing Strategy sets out how we will work with partners to make Enfield a place where people eat well and are active, smoke-free and socially connected.
62. Homes which are better insulated and require less energy and cost to heat are better for resident's health. Also, retrofit has the potential to address internal air quality, mould and damp health issues.

### **Equalities Impact of the Proposal**

63. It is not envisaged that the strategy will have a negative impact but may have a positive impact in terms of fuel poverty and potential creation of jobs.

### **Environmental and Climate Change Considerations**

64. In line with the Climate Action Plan and with Government support and external funding the Council will be able to explore new and innovative retrofit models to increase retrofit opportunities for different tenures and house types and work towards a minimum SAP score of 86 for every Council property by 2030. This work will help inform development of a plan to achieve this target across the Council's own property portfolio.

65. The Climate Action Plan baseline shows that housing stock counts for 31% of the Council's overall emissions, therefore the implementation of deep retrofit works to Council houses will contribute towards reducing these.
66. The implementation of the deep retrofit pilot will ensure the identification of retrofit archetypes for future supply chain and funding opportunities.
67. Delivering innovative retrofit of social housing will put the Council in a position to better deploy resources and tailor future interventions.

## Risk Management

68. Risks that may arise if the proposed decision and related work is not taken

Risk Category	Mitigation
<b>Strategic</b>	<p><b>Risk:</b> The Council does not deliver against the Climate Action Plan targets.</p> <p><b>Mitigation:</b> By signing up to the Innovation Partnership Contract and agreement to the appointment of the Supplier for the delivery of the proposed Energiesprong Retrofit Project for 36 Council properties and the deep fit retrofit programme starts the Councils journey in achieving its long-term vision and ambitious target to reduce borough wide emissions.</p>
<b>Financial</b>	<p><b>Risk:</b> Failure to sign up to the Innovation Partnership Contract will result in the missed opportunity of obtaining Government Funding and the commencement of the deep retrofit works to Council housing.</p> <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>• Sign up to the Innovation Partnership Contract and make best use of partnership opportunities and external funding streams.</li> <li>• Develop property type specific feasibility case studies to ensure all reasonable costs are captured.</li> <li>• Explore strategies to decrease the additional cost – such as using economies of scale in supply chain, funding and grants and setting the standards at the 'launch' of the project.</li> <li>• Explore strategies to increase the value of the project – such as alternative development models, targeting green investment and carbon finance.</li> </ul> <p><b>Risk:</b> If approval of the proposals for a "Comfort Charge" to be included in the Rent and Service Charge is not</p>

	<p>given the scheme will not be financially viable.</p> <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>Funding would need to be found in the HRA budget to pick up the deficit.</li> </ul> <p><b>Risk:</b> Residents not signing up to the comfort plan.</p> <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>Dedicated RLO to undertake intense resident engagement and consultation. The exact figure of the Comfort Charge will be agreed at final design, and the final Comfort Charge will be designed to maximise savings to the resident. This will be based on the level of energy consumption through their energy bill.</li> </ul>
<b>Reputational</b>	<p><b>Risk:</b> Failure to sign up to the Innovation Partnership Contract when other LA Partners are progressing with the Innovation Partnership.</p> <p><b>Mitigation:</b></p> <ul style="list-style-type: none"> <li>Sign up to the Innovation Partnership Contract and make best use of partnership and external funding streams, create employment opportunities in the supply chain and the delivery of works.</li> </ul>
<b>Operational and financial</b>	<p><b>Risk:</b> that the retrofit works are unsuccessful in reducing energy use or cause unforeseen issues for tenants</p> <p><b>Mitigation:</b></p> <ul style="list-style-type: none"> <li>Learn lessons from other local authorities in the same retrofit programme</li> <li>Monitor implementation</li> <li>Engage and brief residents early on, so they understand the works being undertaken</li> </ul> <p><b>Risk:</b> That insufficient progress is made within the required timescales regarding the attainment of financing; funding and skills to support programme delivery</p> <p><b>Mitigation:</b></p> <ul style="list-style-type: none"> <li>Create capacity within the Housing asset team to deliver the deep retrofit programme;</li> <li>Share knowledge and expertise across council departments and the Sustainability Project Board.</li> <li>Learn lessons from other local authorities in the same programme</li> </ul>

## Legal Implications

*(There have been several versions of this report over the last few months and the latest updated version was sent to legal by email on 10<sup>th</sup> September 2021. SM has provided legal comment on 15<sup>th</sup> September 2021 on the latest updated version. This includes updating the legal implications set out below).*

69. *S.1 Localism Act (2011)* provides the Council with the power to do anything an individual may do, subject to certain limitations. This is referred to as the "general power of competence" (GPOC). A local authority may exercise the GPOC for its own purpose, for a commercial purpose and/or for the benefit of others. This GPOC provides sufficient power for the Council to enter into the Innovation Partnership Contract with the Solution Provider, once the Solution Provider has been identified.
70. Under s.111 Local Government Act (1972) local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.
71. Although the UK is no longer part of the European Union the Public Contracts Regulations 2015 ('PCR 2015') continue to form part of UK domestic law and continue to apply to govern public procurement in England. The GLA is running this procurement using the Innovation Partnership Procedure in accordance with Regulation 31 of the PCR 2015.
72. The Contract Notice for this procurement was published by the GLA and is dated 11/11/2020 – United Kingdom-London: Environmental improvement works 2020/S 220-54182 ('the OJEU notice'). The procurement approach is to roll out this requirement over a number of 'Tranches'. Each Tranche includes a number of contracting authorities that are named under the OJEU notice. Following the first Tranche, Enfield has been named as a contracting authority (together with other contracting authorities) for which it is anticipated will be included in subsequent tranches. Currently Enfield are within the second Tranche. On this basis, Enfield are legitimately entitled to participate in this Innovation Partnership procurement.
73. The GLA has selected the 5 top ranked Solution Providers and the reasoning for this is contained in their report called 'GLA 81649 – Retrofit Accelerator for Homes: Deep retrofit of domestic properties' (the 'GLA 81649 Report') – annexed to the confidential appendix. Subsequent to this and as part of the procurement process the Solution Provider Geoffrey Osbourne Limited whom were one of the top 5) has selected the Enfield Scheme as its preferred scheme for retrofitting.
74. The decision maker needs to be content that Geoffrey Osbourne Limited will represent best value for the council and in coming to this decision, scrutiny of the GLA 81649 Report is required to ensure that Enfield are content to proceed with Geoffrey Osbourne Limited.
75. As this is a key decision, the procedure for following key decisions must be observed in accordance with the Council's constitution.

76. In accordance with Contract Procedure Rule 7 (Financial Security) - where the entire value of the Innovation Partnership Contract is over £1m (which is expected) the Supplier must be required to provide sufficient security. Forms of security that are acceptable include a performance bond or Parent Company Guarantee.
77. Under Section 105 of the Housing Act 1985, the Council has a legal obligation to consult its secure tenants on matters of housing management (such as changes to the management, maintenance, improvement or demolition of homes let by the council under secure tenancies or changes to the provision of services or amenities in connection with such homes) where changes are likely to substantially affect secure tenants. Consultation, will include the intended application of the comfort charge. Any notice must be published in accordance with Section 105(5) of the Housing Act 1985. Please take note of the Council's Public Sector Equality Duty during the consultation process, opportunities must be given for all secure tenants to have their say, information pack in languages other than English and also in braille and in large prints made available on request and affected tenants must be offered at least one meeting.

### **Workforce Implications**

78. There are no immediate implications and no redundancies. The Housing Capital Programme team will need to gear up to support this programme.

### **Property Implications**

79. HRA Property Implications: these are found throughout this report.
80. Corporate Property Implications: none.

### **Other Implications**

81. None

### **Options Considered**

82. To not sign the Innovation Partnership Contract and miss out on c£1m of grant funding to deliver better homes for residents.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

83. There are various ways in which the Council can protect itself against the risks of a Contractor's insolvency. Under the Council's Contract Procedure Rules, the Council must consider security for all contracts over £1,000,000. The most usual forms of security are either a parent company guarantee or a performance bond (see CPR 7.2 for more details). Such forms of security may be activated in the event of insolvency.



84. In addition, a credit check with a recognised credit check agency has been carried out prior to the recommendation to award the contract.
85. The contract conditions will also have provisions covering the potential insolvency of a contractor. The remedies available to the Council will depend on the form of contract used for these works and also the circumstances in question. Typically, a contract would allow the Council to terminate in the event of a Contractor's insolvency and recover their costs as a debt.
86. In current times where the risk of coronavirus is a potential threat to business continuity, there will be other provisions within the contract such as force majeure which may be relevant. The position will depend upon the circumstances in question and the form of contract being used.

## **Conclusions**

87. By signing up to the Innovation partnership Contract Enfield Council will be part of the National Net Zero Retrofit Accelerator project that takes a major step towards the goal of delivering self-financing, performance guaranteed net zero housing retrofit at scale across the UK.
88. Enfield Council will be one of six social landlords that will deliver 270 net zero housing retrofits in London and Bristol. A new, national procurement mechanism, 'Retrofit Accelerator Homes Innovation Partnership' (RAHIP), has been used to appoint 5 Solution Providers and will include local, innovative SMEs and larger companies or consortiums. It is anticipated that 287.5 full time equivalent jobs will be created in construction, manufacturing and management.

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Interim Investment and Resident Safety Programme Director  
Housing & Regeneration

**Date of report** 7<sup>th</sup> October 2021

## **Appendices**

Confidential Appendix – Tender Pricing Information

## **Background papers**

**The following documents have been relied on in the preparation of this report:**



### **Summary of Property Locations**

- LABURNUM AVENUE
- LATYMER WAY
- DUNHOLME GREEN
- NORTHERN AVENUE
- DUNHOLME ROAD
- CHALFONT GREEN
- CHALFONT ROAD
- SOUTH EASTERN AVENUE
- DUNHOLME LANE
- PERRY GARDENS
- DEANSWAY
- HASELBURY ROAD
- STOCKTON ROAD
- BROOKFIELD ROAD
- FRASER ROAD
- FELIXSTOWE ROAD

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