

**Report of Parkwoods External Wall Installation (EWI) Scheme**

**Report to Director of Resources and Housing**

**Date: 7<sup>th</sup> September 2017**

**Subject: Parkwoods EWI Scheme - Permission to Procure**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Beeston & Holbeck	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The purpose of this report is to seek approval to proceed to procure a contract to carry an external wall insulation to the area outlined below. The cost will be £1.27M for 110 dwellings. A review of options has been undertaken and this report identifies the preferred option.
2. The project team are now looking to re-commission a new contract, via the Better Homes Yorkshire Framework, to start in November 2017.
3. The intention is to install External Wall Insulation (EWI) to all properties. To increase energy efficiency ratings, reduce fuel poverty (provide homes that are cheaper to heat) address reports of condensation that are understood to be caused by properties being under heated.
4. There is no provision within the 2017/18 capital programme to fund the project. However there is (Scheme No 32034 Low & Medium Rise Non Trad EWI & structural) £2.74M set aside in 2018/19 and £2.76M in 2019/20. Current forecast within this year's capital spend is £65M against an approval of £82M offering an opportunity to 'accelerate' this project to spend this year.

**Recommendations**

5. The Director of Resources and Housing is recommended to progress procurement of an external wall insulation to the Parkwood estate in line with CPR 3.1.8 with the aim of awarding contracts from November 2017. This process will be undertaken through an

existing Better Homes Yorkshire framework arrangement which has been identified by the procurement team. Approval is also sought to accelerate the capital programme to include the works within this financial year. The cost will be £1.27M for 110 dwellings utilising the Better Homes Yorkshire Framework.

## **Purpose of this report**

- 1.1 The purpose of this report is to request the approval from the Director of Resources and Housing to progress procurement of an external wall insulation to the Parkwood estate in this financial year.

## **2 Background information**

- 2.1 The Parkwood estate is a neighbourhood of predominantly council properties (110 dwellings) which falls within the Beeston / Holbeck ward of South Leeds. This low rise estate of houses and flats are of Reema construction, meet the decent homes standard (94%) and have recently been subject to a re-roofing programme. An external painting programme awaits. This work is on hold pending a decision around the fitting of the External Wall Insulation. This includes large areas of timber cladding that are need of preservative treatment or replacing in PVC. A decision to clad would offer a saving as this work would be deemed unnecessary because it is accounted for within the cladding scope of works to be replaced. All timber windows have been replaced in the area and therefore are needed at this time.
- 2.2 This group of properties is within a road network that is designed to be accessed both in and out through one road giving the area a lack of permeability and isolation. The estate lacks 'kerb appeal' presenting metal fencing that requires repainting, a non-uniformed approach to fencing and a low level of garden maintenance. On a positive note and on a former brown field site, Unity Housing have developed a cluster of properties for rent that has increased the confidence of the area. But has also, when juxtaposed to the council properties in the area, has highlighted the investment needs of the Council stock and increased political scrutiny.
- 2.3 It is envisaged, when coupled to some environmental improvements, that an external insulation treatment will have a regenerational effect and boost confidence in addition to the aesthetics.
- 2.4 Built in 1965, the Parkwood is estate is formed of a Reema construction, a large panel system popular throughout the country in the 1960's. There are currently 714 suchlike low rise properties in Leeds. Buildings made in this way are currently hard to obtain finance on in the UK, primarily due to potential problems with similar large panel system construction buildings, such as Ronan Point. This might explain the low density of former tenants undertaking the Right to Buy.
- 2.5 The properties currently have a SAP rating of around 65. To offer some perspective, this construction type is the fifth worst performing archetype out of 38 construction types) within LCC housing stock. Of the 714 Reema properties within the portfolio, 572 have been previously improved to include an external wall insulation offering a maximum SAP rating of over 84.
- 2.6 A plan of the area is attached as appendix 1.

## **3 Main issues**

- 3.1 The Better Homes Yorkshire Framework has been identified as the preferred option to proceed with. The council does have a current partnership with Mears, but neither Mears nor the internal service provider have the capacity to carry out this work.
- 3.2 Better Homes Yorkshire (BHY) is a joint programme managed by the West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership. Working in partnership with council approved delivery partners Keepmoat Regeneration and Fortem (formerly Willmott Dixon Energy Services)
- 3.3 In December 2014 nine of the Leeds City Region Local Authorities appointed Better Homes Yorkshire (Consortium of Keepmoat Regeneration Ltd & Willmott Dixon Energy Services Ltd) to be their endorsed delivery partner for Energy Efficiency partner within the region.
- 3.4 The procurement was run through competitive dialogue and prices were competitively benchmarked against 26nr Energy Efficiency measures, including simple insulation measures such as Loft & Cavity Wall Insulation, to Solid Wall Insulation as well as Heating and Renewable Energy measures such as Solar PV and Air Source Heat Pumps. The procurement process was fully OJEU compliant, and the framework contract also permits Social Housing Landlords to access it.
- 3.5 As part of the competitive dialogue, the current framework partners offered costs against a 'demonstrator' estate to allow a benchmarking exercise. This estate was the Parkwoods as described above.
- 3.6 The scope of the works included for an EPS (Expanded Polystyrene) cladding system. A price was also requested to be submitted for comparison using a non-combustible '110mm Mineral Wool Insulation' alternative which is the preference.
- 3.7 Discussions with Keepmoat have shown that they are prepared to 'hold' the prices from 2014 and can mobilise quickly if awarded the contract. The current costs for the mineral wool solution is £1,267,485.95 which includes a 2% framework uplift. This is the preferred option.
- 3.8 The Commercial Manager has undertaken a benchmarking exercise with the price submission from the framework contractor and has agreed that the costs comparatively match other contracts carried out elsewhere in the capital programme. Further negotiations with the contractor has led to a reduction in overhead costs whilst also attracting an increased ECO funding credit of £46,748. Undertaking the work this year will also offer savings of around £50,000 by negating the need to paint many elements of the dwellings.
- 3.9 There is no provision within the 2017/18 capital programme to fund the project. However there is (Scheme No 32034 Low & Medium Rise Non Trad EWI & structural) £2.74M set aside in 2018/19 and £2.76M in 2019/20. Current forecast within this year's capital spend is £65M against an approval of £82M offering an opportunity to 'accelerate' this project to spend this year.

#### **4 Corporate Considerations**

## **4.1 Consultation and Engagement**

- 4.1.1 A project team has been established which include representatives from:
- Members of the Planned Works Team
  - Members of the Commercial Team
  - Procurement

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality impact screening form has been completed and is attached as appendix 2.

## **4.3 Council policies and Best Council Plan**

- 4.3.1 This project will contribute towards the delivery of a number of Best Council and City priorities, notably for everyone in Leeds to be able 'to live in good quality affordable homes within clean and well cared for places'

## **4.4 Resources and value for money**

- 4.4.1 No further qualitative evaluation of tenders will take place at this stage. This decision has been taken because the council is working with a single provider who has already been evaluated through the competitive dialogue process when the framework was established.
- 4.4.2 Discussions with Keepmoat have shown that they are prepared to 'hold' the prices from 2014 and can mobilise quickly if awarded the contract. The current costs for the mineral wool solution is £1,267,485.95 which includes a 2% framework uplift. This is the preferred option.
- 4.4.3 The Commercial Manager has undertaken a benchmarking exercise with the price submission from the framework contractor and has agreed that the costs comparatively match other contracts carried out elsewhere in the capital programme. Further negotiations with the contractor has led to a reduction in overhead costs whilst also attracting an increased ECO funding credit of £46,748. Undertaking the work this year will also offer savings of around £50,000 by negating the need to paint many elements of the dwellings.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 In February 2017 the Capital Programme as part of the overall 2017-2020 capital programme was given approval to spend under the delegated powers of the Director of Resources & Housing on 04/04/2017.
- 4.5.2 This is a key decision due to the value. Decisions that flow from this including the award of the contract will be treated as significant operational decisions in accordance with Article 13. Further decisions will be taken in accordance with the delegation scheme of Resources and Housing.
- 4.5.3 This contract is subject to Call In under the provisions made in the Council Constitution.

## **4.6 Risk Management**

4.6.1 A risk register is in place and managed by the project team.

## **5 Conclusions**

5.1 Having considered the requirement, an appraisal of options available to fulfil this need and an assessment of best value the project team consider the best approach is to utilise the Better Homes Yorkshire Framework.

## **6 Recommendations**

6.1 The Director of Resources and Housing is recommended to progress procurement of an external wall insulation to the Parkwood estate in line with CPR 3.1.8 with the aim of awarding contracts from November 2017. This process will be undertaken through an existing Better Homes Yorkshire framework arrangement which has been identified by the procurement team. Approval is also sought to accelerate the capital programme to include the works within this financial year.

6.2 The cost will be £1.27M for 110 dwellings utilising the Better Homes Yorkshire Framework.

## **7 Background documents<sup>1</sup>**

7.1 N/A

## **8 Appendices**

8.2 Plan of the Area

8.3 Equality Screening Form

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.