Report of: Chief Officer Property & Contracts
Report to: Director of Resources & Housing
Date: 18th September 2019
Subject: Waiver Request - Contract Procedure Rule 8.1.8.2 direct appointment of Leeds Beckett University Enterprises Ltd. for building monitoring services and equipment supply

Are specific electoral wards affected? ☒ Yes ☐ No
If yes, name(s) of ward(s): Farnley & Wortley

Has consultation been carried out? ☒ Yes ☐ No

Are there implications for equality and diversity and cohesion and integration? ☒ Yes ☐ No

Will the decision be open for call-in? ☐ Yes ☒ No

Does the report contain confidential or exempt information? ☒ Yes ☐ No
If relevant, access to information procedure rule number: 
Appendix number:

Summary

1. Main issues

- This report seeks approval to waive CPRs 8.1, 8.2 so the Council can enter into a Contract to initiate works in support of our Pilot by installing meter reading and sensor equipment into 20 flats in time to capture the winter season of 2019.

- Delays experienced in receiving approval for the Pilot’s viability has now impacted on the Project programme, creating a critical path from the start if we are to achieve the Pilot. By not appointing directly, it will impact the programme by approximately 4 months delay before any heat sensor equipment can start recording. This will effectively miss year 1, 2019 winter season so important to supplying evidential baseline data, to set the project against.

2. Best Council Plan Implications (click here for the latest version of the Best Council Plan)

- The Pilot main focus derives from the Council’s outlined objectives within Housing:
  a. Housing of the right quality, type, tenure and affordability in the right places’
  b. Providing the right housing options to support older and vulnerable residents to remain active and independent.
  c. Improving energy performance in homes, reducing fuel poverty.
d. Meeting the Climate emergency by reducing carbon consumption, and improving energy efficiency.

- This Pilot scheme supports the aspirations and ambitions set out in the Best Council Plan and in particular being able to meet the below criteria:
  a. Supporting communities and tackling poverty
  b. Promoting sustainable and inclusive economic growth
  c. Improving energy performance in homes, reducing fuel poverty

3. Resource Implications

- LBU (Leeds Beckett University) are strategic partners to Leeds City Council
- Increased Cost and Delay in general will be experienced without the waiver
- Agreement needs to be in place with LBU to enable the procurement of monitoring equipment in time for the winter season start 2019
- Electrical resource is urgently required to install electrical meter wiring in 20 flats before end October 2019
- Urgency - Due to the urgency of the requirement a decision has been taken to waive contract procedure rules having already identified our specialist single provider (LBU) in order to procure their equipment and service

Recommendations

a) The Director of Resource and Housing is requested to agree to waive CPR s 8.1 and 8.2 and appoint Leeds Becket University Enterprises Ltd for a 2 year Contract to monitor and analyse with specialist equipment during the Pilot’s Phase 1 and 3 as per the outlined Quote value estimate of £64,050.00, excluding VAT, for a period between Sept 2019 to Aug 2021.
1. **Purpose of this report**

1.1 The purpose of this report is to waive CPR’s 8.1 and 8.2 to enable direct appointment with LBU, Leeds Beckett University Enterprises Ltd.

1.2 This will allow immediate procurement of their services and equipment allowing the works to be installed and recording of data to start, in time to capture heating performance of our Pilot Blocks during winter 2019.

2. **Background information**

2.1 The Council owns 116 housing high rise blocks across the city, 9 of which are currently managed under private finance initiatives. The Blocks are mainly 1960s build, ageing, with poor energy performance.

2.2 This report will help mitigate existing delays experienced and prevent further delay to the Commission 2 Roll Out works which is so important in meeting our Council objectives.

2.3 In 2016 Ove Arup and Partners Limited produced the “Energy Efficiency study for High Rise Flats – Investment Strategy Report” for the Council. This looked at 107 of the high rises, to develop an approach to reduce carbon emissions as part of a citywide target of 40% over 15 years and to reduce tenants’ energy bills by at least 10% to help tackle fuel poverty.

2.4 In 40 blocks there is a need for a new heating solution to provide space heating and/or domestic hot water to the tenants in their flats.

2.5 Existing, outdated electric storage heaters currently provide heating with a high carbon intensity, due to poor, inefficient controls leading to higher energy usage. Existing electric storage heaters can only be controlled to a certain extent by the tenants. New heating systems can provide heating that is easier to control and better comfort levels to the tenants. New controls can assist keeping the demand low, which can reduce the tenant’s fuel bills.

2.6 A subsequent Ove Arup and Partners Limited commission in 2018 provided a review and challenge to the 2016 strategy in relation to electric heating replacement, and then worked up to further detail. The findings for this and milestones are being revisited in answer to the declaration of Climate Emergency and are now reviewing other renewable technologies that were not considered in the original report.

**Pilot Blocks**

2.7 The Heights East and Heights West are two High Rise blocks of Townsen construction, with 10 storeys and 60 flats in each block – half of the flats are 1 bedroom, and other half are 2 bedroom.

2.8 Leasehold: As of August 2019 there is only one leaseholder.

2.9 Customer satisfaction results from the council’s 2018 STAR survey indicate that on average only 33.6% of residents of Townsend blocks are satisfied that their heating and insulation keeps their home warm in the winter, the city-wide high rise average is also low at 42.7%. In The Heights East this is only 15%, whereas in The Heights West it is 50%. Therefore the two Pilot blocks provide a differing start point for comparison.

2.10 Resident age group: Both blocks have a similar average age of 61 and 60 respectively.
3. **Main issues**

3.1 This report seeks approval to waive CPRs 8.1, 8.2 [Competition for Intermediate value procurements] so the Council can enter into a Contract to initiate works in support of our Pilot by installing meter reading and sensor equipment into 20 flats in time to capture the winter season of 2019.

3.2 Delays experienced in receiving approval for the Pilot’s viability has now impacted on the Project programme, creating a critical path from the start if we are to achieve the Pilot. By not appointing directly, it will impact the programme by approximately 4 months delay before any heat sensor equipment can start recording. This will effectively miss year 1, 2019 winter season so important to supplying evidential baseline data, to set the project against.

3.3 This is a unique project that requires a proven service provider in this specialist field of sustainable energy analysis and as such would like to directly procure the services of Leeds Beckett Sustainable Institute for this purpose.

3.4 Leeds Beckett University Sustainable Institute has specific experience of working on the Leeds Housing portfolio and holds an already extensive knowledge of our Housing stock through the projects they have completed with us.

3.5 Appendix A outlines previous research and links between Leeds Beckett University and Leeds City Council, but in summary they are:

- "The Leeds Sustainability Institute at Leeds Beckett University has over 40 years of research experience in building performance..."
- "...Leeds was designated a core city for trialling the Government’s Green Deal domestic energy efficiency policy. Working closely with Leeds City Council, Leeds Beckett University undertook a monitoring and testing program on..." previous projects for Leeds Housing.

3.6 Leeds Beckett University have a research interest in understanding high rise and energy systems and have recently been successful on a number of European bids and Innovate UK calls. They will be able to use this project to bid for further funding to support work across a broader range of the stock.

3.7 Leeds City Council and Leeds Beckett University have an active Memorandum of Understanding which includes a clause that covers this type of collaboration: “The Council and the University will seek to support each other in … collaborative development of, and engagement in research projects that support the City and both parties’ strategic objectives; collaborative development of, and engagement in enterprise and innovation projects that support the City and both parties’ strategic objectives.”

3.8 The Council has a close working relationship through secondment arrangement with Dr Tom Knowland (Head of Sustainable Energy & Climate Change for Leeds City Council). In conjunction, the LBU Professor Chris Gorse and Janet Mulcrone sit on the Leeds Council Committee for Climate Change, working closely to reduce our local energy and carbon use in response to our current climate emergency.

3.9 Approval of this waiver will create a definitive decision on the provider (Leeds Beckett University) being able to install equipment and support with their services, in time to meet the winter season 2019 and support the success for this Pilot. This will prevent further delay on any planned upgrade works on future roll out works.

3.10 Winter Season 2019 Data recording is essential to form the Pilot Baseline. The winter season starts in two weeks, from 31st October 2019 – 30th April 2020.
4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Consultation has been entered with the parties listed below to confirm and make them aware of the Council’s intended planned works. It should be noted that the identity of the flats to be piloted has not been confirmed and or the residents notified by letter.

- Housing Leeds, Housing Management, Planned works team, M&E team, and Commercial team.
- Legal
- Procurement Team
- Ward Members
- Leeds Building Services (LBS)
- Leeds Beckett University
- National Power Grid

4.2 Equality and diversity / cohesion and integration

4.2.1 An equality and diversity/cohesion and integration screening document has been completed and no impact has been identified.

4.3 Council policies and the Best Council Plan

4.3.1 The investment will contribute to the following Best Council Plan outcomes of everyone living in good quality, affordable homes and for everyone to be safe and feel safe.

4.3.2 The Council’s aim is to improve customer satisfaction of our residents with the properties they live in, undertaking STAR surveys every two years to inform our focus. In particular the Council wants to improve customer satisfaction with heating and insulation of homes in our high rise.

4.3.3 Public Commitment. The council has made public commitments to address fuel poverty concerns. As part of the city’s Affordable Warmth Partnership, there is a stated aim to improve the health and wellbeing of vulnerable people through action on increasing affordable warmth and this project supports that aspiration.

Climate Emergency

4.3.4 This Pilot’s success will support improvements needed to secure a more prosperous future for the Council in terms of meeting its objectives and also its residents, by way of improving fuel costs, comfort and efficiency in their homes.

4.3.5 This waiver supports the climate emergency and wider responsibilities of the Council as a landlord, to our resident’s wellbeing, ensuring our Assets are maintained along with safety, efficiency and longevity of equipment within our buildings lifetime.

4.3.6 The pilot supports a review of various renewable heating technologies within High Rise Blocks.
4.4 **Resources, procurement and value for money**

4.4.1 In the circumstances the proposed approach although not as a result of a competition process is likely to provide the Council with the best possible option in order to achieve the proposed outcomes and achieve works on site, associated to the major programme.

4.4.2 The prices provided are considered to represent value for money.

4.5 **Legal implications, access to information, and call-in**

4.5.1 Awarding this contract directly to Leeds Beckett University in this way, could leave the Council open to a potential claim from other providers. However, this is mitigated by the rationale described in this waiver.

4.5.2 It is up to the Council to decide what degree of advertising would be appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.

4.5.3 This is a Significant Operational Decision and is exempt from call in.

4.6 **Risk management**

4.6.1 Risks associated with declining this waiver are:

- No Pilot 2019 baseline; risk of not gaining a winter 2019 baseline of data for the Pilot.

- Delay the Pilot project ‘testing’ of new heating systems that supports a more sustainable heating type to be used in 40 Blocks.(approx. 2,400 homes).

- Delay Evidence being available to compare existing verses new heating system types in a winter season.

- Delay the ‘roll out’ heating specification being confirmed by at least 12 months whilst waiting for a new winter season to gain a benchmark of data.

- Lose invested time, resource and knowledge already accrued with the existing Pilot Blocks, ‘Heights East & West’

5. **Conclusions**

5.1 In making the final decision, the Director of Resources and Housing should note the report comments and be satisfied that the course of action chosen represents best value for money and meets this Pilot and Councils objectives at large.

5.2 The opportunity to demonstrate benefits of upgrading our residents homes using a new type of heating system with hard evidence, showing its efficiency, value for money and resident feedback in its support; will be delayed by at least 1 year in respect of this Pilot. Not receiving this waiver will give a knock on effect to the planned roll out works with a likely delay of two years.

6. **Recommendations**
6.1 The Director of Resource and Housing is requested to agree to waive CPR s 8.1 and 8.2 and appoint Leeds Becket University Enterprises Ltd for a 2 year Contract to monitor and analyse with specialist equipment during the Pilot’s Phase 1 and 3 as per the outlined Quote value estimate of £64,050.00, excluding VAT, for a period between Sept 2019 to Aug 2021.

7. Background documents¹

7.1 None.

¹ 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.