

**Report of Service Manager Private Sector Housing**

**Report to Director of Resources and Housing**

**Date: 12 November 2020**

**Subject: Investing in our Neighbourhoods – Approval to appoint Engie Regeneration Limited as the Contractor to deliver Holbeck Group Repair Phase 2**

Are specific electoral wards affected? If yes, name(s) of ward(s): Beeston and Holbeck	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open 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**

**1. Main Issues**

- In October 2020 Executive Board approved a further expenditure of £3.9m for a further phase of Group Repair in Holbeck. The scheme will cover approximately 150 properties which will benefit from new roofs, windows, doors, rain water goods, external wall insulation and if present new boundary walls and yards.
- The scheme will follow on from the initial phase of Group Repair in Holbeck and help contribute to the Council's Locality Agenda targeting resources to those communities most in need.
- The Contractor is to be appointed via the Better Homes Yorkshire (BHY) Framework agreement which has been approved for this type of scheme and has already been approved for use by Procurement and Commercial Services legal team. This will allow the appointment of a Contractor without delay, given the tight time scales for completing the work, and accessing the Get Building Funding provided by the Government.
- Under the framework the Contractor who is recommended for appointment to undertake the works will be Engie.
- Holbeck Group Repair Phase 1 improved 153 properties in the Receptions, Holbeck improving their thermal efficiency from a SAP rating of F/G to a B/C, increasing internal room temperatures from as low as 12<sup>o</sup>c to over 18<sup>o</sup>c and saving an estimated 1450 tonnes of CO2 per annum. It has helped to reduce household

fuel costs by an estimated 25/30% or around £350/400 per annum. This equates to an annual saving to the community of around £50k overall. Improving internal temperatures reduces the risk of respiratory and cardiovascular conditions associated with low temperatures especially amongst elderly and vulnerable people. Phase 2 will deliver similar outcomes for the community in Holbeck.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The investment in the area has contributed to providing homes of the right quality, type and affordability in the right places and minimising homelessness.
- This way of working in the area contributes to keeping people safe from harm and promotes community respect and resilience.
- Contributes to tackling poverty, helping everyone reach their full potential and benefit from the economy.
- Helps to reduce health inequalities and supporting active lifestyles.

## **3. Resource Implications**

- The scheme will be managed by Housing Leeds and resources have been identified within this service to deliver the scheme.
- The contractor will be procured via the Better Homes Yorkshire Framework (BHY) which has been approved for such type of works. The contractor appointed to the framework covering the West Yorkshire region is Engie who have considerable experience of dealing with this type of work and undertaking contracts with the Council.

## **Recommendations**

- a) The Director of Resources and Housing is requested to approve the appointment of the contractor Engie to deliver Holbeck Group Repair Phase 2. The contract will commence on 4<sup>th</sup> January 2021 with a completion date of 3<sup>rd</sup> May 2022 and a total contract value of £3.9m.

### **1. Purpose of this Report**

- 1.1 The purpose of this report is to request that the Director of Resources and Housing approve the appointment of Engie as the Contractor to deliver Holbeck Group Repair Phase 2 via the BHY framework.

### **2. Background Information**

- 2.1 On the 21<sup>st</sup> October 2020 the Executive Board approved an investment of £3.9m in Holbeck to undertake a second phase of Group Repair to renovate and improve a further 150 homes in the Recreations. The works will include new roofs, windows, doors, rainwater goods, external wall insulation and where present new boundary walls and yards.

The decision can be seen here:

<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=52453>

- 2.2 The budget for the scheme is made up of £2.65m from the Government's Get Building Fund, £0.75m from the Housing Revenue Account (HRA) £0.3m from private sector contributions and £0.2m from Energy Company Obligations (ECO).
- 2.3 As part of the agreement to obtain the Get Building Funding works needs to commence as soon as possible (aiming for 4<sup>th</sup> January 2021) and the Get Building Funding spent by the end of March 2022. Therefore procurement of the contractor needs to happen without delay.

### **3. Main Issues**

- 3.1 The BHY framework was procured regionally using an OJEU compliant route to deliver energy efficiency works. This allows the Council to procure a contractor via this route ensuring that the works can be delivered quickly and also demonstrate value for money.
- 3.2 The contractor has provided the required documentation which has been subject to internal quality evaluation to ensure value for money, the delivery of additional jobs, quality systems of working and additional social value to the contract. A tender opportunity was published on YORtender on 29<sup>th</sup> October 2020 with a closing date of 2<sup>nd</sup> November 2020. The tender was evaluated on a 60% price and 40% quality basis.
- 3.3 Under the BHY framework Engie has been identified as the contractor to undertake Holbeck Group Repair Phase 2.

### **4. Corporate Considerations**

#### **4.1 Consultation and Engagement**

- 4.1.1 Officers within the Council with the required procurement and housing skills and knowledge have been involved in discussions regarding the procurement of the contractor to deliver the scheme.
- 4.1.2 The tender evaluation for the quality questions were evaluated by the project members of the Capital Programme team within Strategy & Investment team with guidance from Procurement.
- 4.1.3 The tender evaluation and verification of the tender price submissions for completeness and correctness has been completed by the Commercial QS team.

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

- 4.2.1 A full Equality, Diversity, Cohesion and Integration Assessment for Group Repair Schemes has been completed and published as part of the Executive Board Report for approval.
- 4.2.2 The assessments concluded that the investment would have a positive impact on the health and wellbeing of the residents living in Holbeck, allowing owners to reduce hazards, improve their homes and reduce fuel poverty via thermal improvements to properties.

#### **4.3 Council Policies and Best Council Plan**

- 4.3.1 By targeting an area with some of the poorest housing and most deprived communities, the scheme has contributed to many of the Council's key priorities.

The initiative contributes to the compassionate city agenda, improving housing and health, providing employment and training opportunities as well as improving the neighbourhood for those living in Holbeck.

### **Climate Emergency**

- 4.3.2 At Full Council on 27th March 2019 Leeds City Council passed a motion declaring a Climate Emergency. In addition, the Leeds Climate Commission have proposed a series of science based carbon reduction targets for the City so that Leeds can play its part in keeping global average surface temperature increase to no more than 1.5c.
- 4.3.3 A significant challenge for the reduction in the city's carbon footprint is housing. The private rented and owner occupied sector, where the current influence of the council is small, is a challenge for the Council. The Council has demonstrated through the Cross Green and Holbeck schemes that dramatic improvements to energy efficiency can be accomplished by enveloping pre 1919 stock thus shifting energy efficiency ratings from F/G to B/C.
- 4.3.4 The Group Repair Schemes have and will continue to help with issues affecting the climate:
- Better quality homes and standards will help to reduce energy consumption.
  - Education of both residents/tenants and landlords to help reduce waste and improve recycling in the area.
  - Better engagement with landlords to improve education specifically around the changing energy legislation requirements which affect the sector.
  - By investing in improved and more energy efficient homes via capital investment has helped to reduce energy consumption by an estimated 1450 tonnes of CO2 per annum.
  - Create employment and training opportunities within the green energy sector.
  - Improve the EPC rating of the property to EPC B/C helps contribute to the carbon saving target of properties by 2030.
  - Improving the life span of the existing housing stock so preventing the carbon footprint of demolition and new build.

### **4.4 Resources and Value for Money**

- 4.4.1 The project will be delivered by Housing Leeds who have experience of such schemes. Officers across the service have the requisite knowledge and skills sets to deliver such a scheme.
- 4.4.2 The Contractor will be appointed via the Better Homes Yorkshire Framework to ensure value for money. They have experience of delivering such schemes and dealing with the type of work and way of working required for such a scheme.
- 4.4.3 The Government has provided £2.65m grant funding to cost of the scheme. The remainder of the budget is made up of ECO, private sector contributions and the HRA. There is no requirement for funding from the Council's own capital programme or borrowing, other than the HRA.

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

- 4.5.1 The report is a significant operational decision as a subsequent result of a key decision and is not eligible for call-in.
- 4.5.2 The investment in properties was possible due to the Council's Private Sector Housing Assistance Policy which allows the offer of financial assistance to private owners and was supported by the general power of competence provided for in Section 1 to 8 of the Localism Act 2011.
- 4.5.3 The Contractor will be procured using the Better Homes Yorkshire Framework which has been adopted by the Council to support the delivery of such schemes. This framework was procured regionally using an OJEU compliant route to allow the delivery of energy efficiency works and work to attract additional funding such as Energy Company Obligation money. The terms of the framework covers the works proposed in Holbeck allowing the appointment of the contractor via this mechanism. This will allow works to commence in Holbeck with a minimum lead in period.
- 4.5.4 The tenders have been evaluated in accordance with the evaluation criteria set out in the original tender documents. This states the tender will be evaluated using Price (60%)/Quality (40%) criteria.
- 4.5.5 In making their final decision, the Director of Resources and Housing should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

## **4.6 Risk Management**

- 4.6.1 The scheme is subject to its own risk management by officers responsible for delivery of the project. All risks have and continue to be assessed and mitigation and management of the risks identified instigated as required.
- 4.6.2 The scheme requires private owners to sign up to the works required to their property. Landlords are required to pay 25% of eligible costs whereas owner/occupiers have to pay up to 25% but this is subject to a test of resources. The success of the scheme is based on owners, in this case the majority are private landlords, signing up for works to their properties in sufficient numbers to ensure the viability of the scheme as a whole.
- 4.6.3 The Government grant has to be spent by March 2022. This is a very tight time scale for the works especially given the need to be on site by January 2021 to ensure that this deadline can be met. By using the BHY framework less time is needed to appoint the Contractor Engie and allow works on site to start early in 2021.
- 4.6.4 The Government has also announced the Green Homes Grant which allows owners to receive a grant of up to £5k (up to £10k in some instances) towards the cost of energy works. The grant covers two thirds of the cost up to the maximum £5k (or £10k). This has not been available to owners during previous schemes and it is not known what, if any, impact it may have on owners signing up to Group Repair.
- 4.6.5 COVID 19 may impact the ability to deliver depending on local and national circumstances moving forward. This may impact on the ability to deliver the programme, despite specific risk assessments to ensure safe working practises. It may also impact owner's ability and willingness to invest in their homes given the potential future financial uncertainty for people.

## **5. Conclusion**

- 5.1 The Executive Board have approved the £3.9m investment in Holbeck to deliver Holbeck Group Repair Phase 2.
- 5.2 The scheme falls within the scope of the BHY framework which allows the Council to procure a contractor to undertake this type of work without delay and ensuring value for money. The procurement process has been subject to a quality evaluation by the Council.
- 5.3 By using the Framework the Council can appoint Engie without undue delay, to ensure that we can deliver the scheme within the time frame of spending the Get Building Fund by March 2022.
- 5.4 Engie are the preferred contractor given the BHY framework and they have considerable expertise in working with the Council and delivering such schemes.
- 5.5 The scheme will be managed by officer in Housing Leeds who have the relevant knowledge skills and experience to deliver Group Repair Schemes.

## **6. Recommendations**

- 6.1 The Director of Resources and Housing is requested to approve the appointment of the contractor Engie to deliver Holbeck Group Repair Phase 2. The contract will commence on 4th January 2021 with a completion date of 3rd May 2022 and a total contract value of £3.9m.

## **7. Background Documents<sup>1</sup>**

None

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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.