



Report of Head of Strategy & Investment
Report to Director of Communities, Housing and Environment
Date: 21st April 2021
Subject: Approval to award a contract for Whole House Energy Efficiency Improvements on the Holt Park estate to ENGIE Regeneration Ltd under the Better Homes Yorkshire (BHY) Framework.

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Adel & Wharfdale	
Has consultation been carried out?	<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
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information procedure rule number: Access to Information Rules 10.4 (3). Appendix number: 1	

Summary

1. Main issues

- As part of the council's activity to tackle the climate emergency, and address fuel poverty, works are planned to deliver whole house retrofits to 190 non-traditional, solid wall low rise (2 storey) flats in the Holt Park area of the city. These properties are traditionally inefficient to heat, contributing to fuel poverty and health problems for residents.
- The works include installing Air Source Heat Pumps and Solar Panels to decarbonise the stock as well as replacing ventilation systems and fitting insulation. Residents will also benefit from more efficient heating and hot water systems.
- A decision was taken by the Director of Resources & Housing in January 2021 to approve the procurement of the works and authority to spend; this contract award decision is a direct result of that Key Decision.
- In line with the approved approach, the procurement has now taken place using the Better Homes Yorkshire (BHY) Framework. This has resulted in the receipt of a tender from ENGIE Regeneration Ltd that offers the best opportunity in terms of price, cost certainty, and ability to achieve the programme timescales.

- The contract value for the works is £8.87m. Works are planned to start in April 2021 and aim to be completed in the current financial year

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

- The programme will contribute to the Best Council Plan outcomes of tackling fuel poverty and the climate emergency by improving energy performance in homes, and support residents to live in good quality and affordable homes.

3. Resource Implications

- The total cost of the scheme is £8.87m. This will partly be funded (£4.49m) via the Housing Capital Refurbishment Programme from the Housing Revenue Account (HRA). A further £4.18m for this scheme has been obtained through the Social Housing Decarbonisation Demonstrator fund. The remaining £200,000 will be funded through ECO3 funding.
- The funding is planned to all be spent in the financial year 2021/2022. Authority to spend was granted in the July 2020 Key Decision Report (See Section 7, background documents).

Recommendations

The Director of Communities, Housing and Environment is requested to:

- Approve the award of a contract to ENGIE Regeneration Ltd to undertake energy efficient retrofits for a contract sum of £8,870,476 to 190 low rise properties on the Holt Park estate.
- Note that this follows a procurement via the Better Homes Yorkshire (BHY) framework and that it is proposed that these works will commence in April 2021 and aim to be completed in this financial year.
- Recognise that Appendix 1 should be designated exempt from publication.

1. Purpose of this report

- 1.1 The purpose of this report is to document the procurement processes undertaken, and the tender evaluation process, to identify the preferred contractor to be appointed to undertake energy efficiency improvement works to housing on the Holtdales estate.
- 1.2 This report also seeks approval from the Director of Communities, Housing and Environment to award the contract to ENGIE Regeneration Ltd as a result of the procurement process.

2. Background information

- 2.1 Leeds City Council housing portfolio includes non-traditional housing stock, many of which are low rise flats, with solid walls. These properties are popular with residents, however they are often expensive to heat and suffer from condensation, which is difficult to treat. This can lead to fuel poverty as well as ill-health for residents.
- 2.2 The contractor's activities will include full installation of:
 - insulation including External Wall Insulation (EWI) and loft insulation;
 - high Performance windows and external doors and external perimeter floor installation;
 - a new ventilation system, replacing old extractor fans;
 - Air Source Heat Pumps (ASHP) and Solar PV Panels;
 - new LED Lighting and
 - smart thermostat controls and smart meters;
- 2.3 The project will result in a cost effective and replicable model for whole house, area based delivery which will be continued into all tenures, neighbouring areas and could be rolled out citywide. The green doctor services will be enlisted to provide information and support to tenants to enable maximum benefits from the thermal improvements.
- 2.4 The key decision report of January 2021 (see background documents) provides further information on the scheme, and resulted in approval of the scheme, spend, and the approach to procure a contractor via a direct call off from the Better Homes Yorkshire (BHY) external framework.
- 2.5 This scheme has been targeted to address the least energy efficient council properties, therefore only selected properties within the Holtdales estate, which meet the criteria to benefit from the Social Housing Decarbonisation Demonstrator funding have been selected for inclusion.

3. Main issues

- 3.1 Following approval of the key decision report for this scheme in January 2021, a procurement exercise was undertaken via a direct award from the Better Homes Yorkshire framework (BHY).
- 3.2 A decision was taken to procure via the Better Homes Yorkshire (BHY) framework and use ENGIE Regeneration Ltd on this occasion as the contractor has the

capacity to carry out these priority works quickly and they have previously delivered similar works for the council to a high quality standard.

- 3.3 In line with Contracts Procedure Rules 12.2, the framework terms and conditions have been vetted and approved by the Council's legal team in Procurement and Commercial Services and as the contractor on the framework, ENGIE Regeneration Ltd, has already been assessed through an OJEU compliant competitive tendering exercise.
- 3.4 A tender was invited and documentation was published via YORtender to the contractor on 12th February 2021.
- 3.5 The documentation contained details of the surveys and energy efficiency data to be collected both before and after construction works as well as details on the community consultation required and specific details of the retrofit works to be carried out on each property. A summary of the works to be carried out can be found in the Key Decision Report (see section 7, background documents).
- 3.6 The form of contract chosen for these works was an NEC3 ECC Option A contract. This was chosen because the BHY framework was procured using this type of contract, meaning any direct award from it is required to have the same form of contract.
- 3.7 A tender submission was received from the contractor on 19th February. This submission has been evaluated by the project team and a Tender Analysis Report is attached as confidential appendix 1. This report has been prepared by the Housing Strategy & Investment Commercial team.
- 3.8 The tender has been assessed 100% on price. Quality expectations have been clearly defined in the tender documentation and are addressed within the contractual requirements.
- 3.9 Following this evaluation we are satisfied with the submission provided and are confident value for money is being achieved following a framework call off from Better Homes Yorkshire where rates will have been previously assessed for competitiveness and value for money.
- 3.10 The construction works are planned to start on site from April 2021 and aim to be completed in the current financial year.
- 3.11 Following completion of the works, the contractor will work closely with residents through meetings and the production of operating instructions to ensure that the resident can operate the systems to their full potential and the measures installed remain effective throughout their service life.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The proposal has been developed by the Housing Strategy and Investment lead. Advice has been secured from Procurement, Commercial and Legal Services, all of which have reviewed all proposals and supported the planned decisions.
- 4.1.2 Initial consultation has been undertaken with the three local Ward councillors and consultation with ward members will continue at various stages of the project, with more detailed consultation due before works commence on site.
- 4.1.3 The Executive Member for Communities has been consulted and is in support of the project.

- 4.1.4 Upon approval to this decision to contract award, residents that will benefit from the works will be further engaged by letter. Consultations will be carried out with residents in a COVID secure manner, through both letters and online consultation events.
- 4.1.5 There are 37 leaseholders who would be effected by this project. Leaseholders will receive a reduced package of work in order to keep costs sustainable, and affordable. It is planned that Green Homes Grant Local Authority Delivery scheme funding will be used to support this.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration impact assessment was completed with the January 2021 key decision report. This assessment also considered the impact of the works on leaseholders whose properties are set for inclusion in the works.

4.3 Council policies and the Best Council Plan

- 4.3.2. This project directly contributes to the Best Council Plan Housing Priorities and our ambitions to:

- Support communities and tackling poverty.
- Promote sustainable and inclusive economic growth. Improve housing quality and standards.

- 4.3.3 Further details on the social value which will be achieved through this contract can be found in the Tender Evaluation Report as Appendix 1.

Climate Emergency

- 4.3.4 At full Council on 27th March 2019 Leeds City Council passed a motion declaring a Climate Emergency and we have a commitment to becoming carbon neutral by 2030. This project is specifically designed to reduce carbon emissions within council housing stock.
- 4.3.5 Scheme benefits that contribute to meeting the Climate Emergency can be found within the Key Decision Report (see section 7).

4.4 Resources, procurement and value for money

- 4.4.1 A detailed analysis and review of the tendered price has been undertaken by the Quantity Surveyors in the Strategy & Investment commercial team. This is to ensure that the price is both complete and fully compliant with the tender requirements and that the contract value offers value for money. A copy of this analysis is contained in confidential Appendix 1.
- 4.4.2 Council capital funding will be provided from the Housing Revenue Account (HRA) and costs will fall into the financial year 2021/22. Funding of £8,870,477 has been allocated for this scheme, with authority to spend approved in the January 2021 key decision.
- 4.4.3 The works are still required and have been deemed affordable. In making the final decision, the Director of Communities, Housing and Environment should be satisfied that this contract represents best value for the Council.
- 4.4.4 A Contract Management Plan has been finalised for the construction contract to commence in April 2021.

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

- 4.5.1 This report is a direct decision of a previous Key Decision on 15th January 2021 and is therefore a Significant Operational Decision which is not subject to call in.
- 4.5.2 The tender analysis report in Appendix 1 of this report has been identified as exempt/confidential under the Access to Information Rules 10.4 (3). The public interest in maintaining the exemption in relation to the confidential Appendix outweighs the public interest in disclosing the information and financial details which could adversely affect the business of the Council and the business affairs of a number of individual companies.
- 4.5.3 The contractor will be a data processor, and a data privacy impact assessment has been undertaken and relevant considerations are included in the contract.
- 4.5.4 The procurement of the Better Homes Yorkshire (BHY) framework was undertaken on a competitive basis in line with the Public Contracts Regulations 2015 (Regulations) and awarding a call off contract to ENGIE Regeneration Ltd under the BHY framework is fully compliant with those Regulations.

4.6 Risk management

- 4.6.1 A risk register for the project is in place and will continue to be managed to monitor and mitigate risks, as well as identify any new risks throughout the project.
- 4.6.2 Key notable risks include:
- Health & Safety - Given current circumstances in relation to COVID-19, the health and safety of residents and contractors is our top priority. We will make sure that any work on this scheme will be done in line with government guidance.
 - Timescales to meet construction delivery. Achieving timescales for the works delivery will be regularly monitored and any issues escalated to work to keep activity on track.
- 4.6.3 It should also be noted that we are taking into account previous lessons learnt from other projects to help us plan for this scheme.

5. Conclusions

- 5.1 Following the tender evaluation the successful contractor has been identified as ENGIE Regeneration Limited. Therefore they have proved to be the most economically advantageous. The value of the contract is a total sum of £8.87m.
- 5.2 This contract award will allow construction works to begin on site in the Holt Park area in April 2021, following resident and leaseholder engagement.

6. Recommendations

- 6.1 The Director of Communities, Housing and Environment is requested to:
- Approve the award of a contract to ENGIE Regeneration Ltd to undertake energy efficient retrofits for a contract sum of £8,870,476 to 190 low rise properties on the Holt Park estate.
 - Note that this follows a procurement via the Better Homes Yorkshire (BHY) framework and that it is proposed that these works will commence in April 2021 and aim to be completed in the current financial year.
 - Recognise that Appendix 1 should be designated exempt from publication.

7. Background documents¹

7.1 [Key Decision Report – Authority to procure this scheme](#)

8 Appendices

8.1 Appendix 1 – Tender Analysis report (Confidential)

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.