



**Report of: Head of Strategy and Investment**

**Report to: Director of Communities, Housing & Environment**

**Date: 21<sup>st</sup> April 2021**

**Subject: Authority to Award a contract for the provision of Cavity Wall and Loft Insulation Works including Energy Performance Certificates (EPCs) to Council housing stock**

Are specific electoral wards affected? If yes, name(s) of ward(s): N/A - citywide	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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? If relevant, access to information procedure rule number: N/A Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**Summary**

**1. Main issues**

- The current contract for Cavity Wall and Loft Insulation Works (DN325456) for Leeds City Council domestic properties is with Dyson Energy Services Ltd. It is due to expire on 6<sup>th</sup> May 2021 but does have the option to extend for a further 2 x 12 months. However, a re-procurement was considered the best option due to financial reasons as outlined in the original authority to procure report in February 2021.
- The proposed new contract would be to appoint 1 contractor over 3 years with the option to extend for a further 12 months. The value will be approximately £120,000 per annum.
- The purpose of this report is to outline the procurement process undertaken, the results from the tender exercise using Constructionline and seek to award the contract to the successful tenderer.

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

- The award of the contract will contribute to the councils Best Council Plan in making sure that the homes are of right quality, type, tenure and affordability

### **3. Resource Implications**

- The proposed new contract will be for 3 years with the option to extend for a further 12 months at a value of £120,000 per annum, £480,000 in total if the extension is utilised.
- The tender was evaluated on a 100% price basis following a competitive tender which means value for money will be obtained.
- Volume of work is not guaranteed as the scope of works is dependent on the demand for the service.

### **Recommendations**

- a) The Director of Communities, Housing & Environment is recommended to note the contents of this report and approve the appointment of Dyson Energy Services Ltd.
- b) The contract will commence on the 7<sup>th</sup> May 2021 for a period of 3 years with the option to extend for a further 12 months. The annual value of this contract will be £120,000 per annum with a potential estimated contract value of £480,000 if the extension is utilised

#### **1. Purpose of this report**

- 1.1 The purpose of the report is to seek approval to award contract to the one tenderer as outlined in the recommendations.
- 1.2 It will outline the procurement process undertaken and reasons behind the decision to award to the identified tenderer.

#### **2. Background information**

- 2.1. The Authority to Procure (ATP) report as required under Contract Procedure Rule (CPR) 3.16 requested permission to invite external competition and was approved 28<sup>th</sup> February 2021. The ATP considered appropriate procurement options and recommended the use of the Constructionline. A copy of the report is attached at section 7.1.
- 2.2. Cavity wall and loft insulation works are required to be carried out on traditional & system built domestic council properties across Leeds that do not currently meet the required insulation standards.
- 2.3 These works have been identified through ongoing stock condition surveys and SAP ratings. The council has a duty to ensure it has adequate resources to repair, maintain and improve its stock, so the works should continue.

- 2.4 The current contract for cavity wall and loft insulation works with Dyson Energy Services Ltd commenced in May 2018 and is due to expire on 6th May 2021.
- 2.5 Although the Council does have the option in the contract to extend for a further period of time, based on the estimated expenditure at the time of award of £80,000 per annum, and the projected actual contract spend over the 3 years to May 2021 will be more than £240,000, therefore it was deemed appropriate to undertake a new procurement exercise.

### 3. Main issues

- 3.1 There is a need to procure these works now as the estimated expenditure with the current contract means that it will have exceeded the advertised spend of £240,000 after the end of year 3 in May 2021.
- 3.2 The actual spend has been higher than initially anticipated due to additional works carried out, including to the Wykebeck scheme and also work on F&G rated properties .
- 3.3 The new procurement will also incorporate the provision of Energy Performance Certification (EPC) documentation. These document a property's current energy efficiency rating and also advise how to improve it and reduce carbon dioxide emissions. This has been identified as an ongoing need, which is why the provision of EPCs is proposed to be included within the contract scope going forward. The new contract value will therefore be estimated at £120k per annum.
- 3.4 The tender was sent out to seven contractors from the Constructionline database of which five returned a tender when it closed.
- 3.5 The five tenders were evaluated on a 100% price basis and was overseen by Construction & Housing Procurement. The evaluation team comprised of members of staff from the Strategy & Investment Capital Programme and Commercial Team.
- 3.6 The evaluation team evaluated the pricing submission and schedule of rates of each of the 5 contractors.
- 3.7 The tenderer with the lowest price was given the highest score available for price (1000 points) and the others who qualified were given a reduced score based on the calculating the percentage difference between them and the lowest price and then deducting this percentage from the maximum score
- 3.8 The table below shows the scores

Contractor	Points	Ranked
Dyson Energy Services Ltd	1000.00	1
Norora	889.23	2
Westville	582.84	3
JNR Contracting Ltd	420.18	4
Yorkshire Energy Services	0.00	5

- 3.9 The rates submitted by the successful contractors have been benchmarked against the current rates and are deemed to be within acceptable parameters for work of this nature.
- 3.10 As part of due diligence, financial checks have been completed to ensure there is no risk to the authority.
- 3.11 Due to the requirements of this contract, there is no guarantee of any volume of works throughout the contract term. Actual spend will be based on works required against the Schedule of Rates submitted at tender stage.

## **4. Corporate considerations**

### **4.1. Consultation and engagement**

- 4.1.1 Procurement Officers within Resources & Housing have consulted with the Capital Programme team on the contents of this report. Where necessary, legal advice has been sought from the Procurement Legal team within Procurement & Commercial Services.

### **4.2. Equality and diversity / cohesion and integration**

- 4.2.1. An equality & diversity screening was completed with the Authority to Procure report and there were no issues highlighted.

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

- 4.3.1. This procurement was undertaken to ensure openness, transparency and fairness and procured in line with the Councils' Contract Procedure Rules.
- 4.3.2. This contract will contribute towards the Best Council Plan through 2 key priorities:

#### **Housing**

- Housing of the right quality, type, tenure and affordability in the right places
- Improving energy performance in homes, reducing fuel poverty

#### **Safe, Strong Communities**

- Helping people out of financial hardship

- 4.3.3 This contract will help to improve the quality of housing by increasing energy efficiency. This in turn makes them more affordable by reducing fuel bills and helping people out of fuel poverty. Living in a cold, damp home can have a detrimental effect on health and wellbeing, so reducing fuel poverty can also have a positive impact on the health of more vulnerable residents.

#### **4.3.5 Climate Emergency**

At Full Council on 27<sup>th</sup> 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.

Cavity wall and loft insulation can help to increase energy efficiency and reduce carbon emissions. Furthermore, EPCs can advise tenants on how to improve their property's energy efficiency and reduce their carbon footprint.

#### 4.4. Resources, procurement and value for money

4.4.1. The proposed new contract will have a wider scope and include the provision of EPCs.

4.4.2. The contract will have a value up to £120,000 per annum, and be procured on the basis of 3 years with the option to extend for a further year, a potential value up to £480,000 if the extension is utilised.

4.4.3. Funding of £360k has been identified within the 2021/22 to 2023/24 Housing Leeds capital programme for this work. A further £120k can be made available from the 2024/25 Housing Leeds programme if the contract extension is utilised.

4.4.4. Capital funding and cash flow table – Scheme 32034/FE1

Total Available Funding (As per latest Capital Programme)	TOTAL £000's	FORECAST			
		2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Housing Revenue Account	360.0	120.0	120.0	120.0	0.0
Total Funding	360.0	120.0	120.0	120.0	0.0

4.4.5 Due to the requirements of this contract, there is no guarantee of any volume of works throughout the contract term.

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

4.5.1. This is a Significant Operational Decision as the total potential value is £480k and is therefore not subject to call in.

4.5.2. The procurement has been carried out in an open and transparent manner in line with Public Contract Regulations whilst ensuring competition is sought to identify best value.

4.5.3. Where necessary, legal advice has been sought from the Procurement Legal team within Procurement & Commercial Services.

4.5.4. Other than confidential Appendix 1, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules. The information 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, if disclosed would adversely

affect the business of the Council and the business affairs of a number of individual companies.

#### **4.6. Risk management**

- 4.6.1 This contract will be managed by the Capital Programme team who will monitor performance and raise any concerns that may arise over the course of the contract. They will monitor performance/Key Performance Indicators included within the specification and Contract Management Plan. They will ensure performance standards are met by the contractor and if they are found to be underperforming and failing to meet minimum standards, appropriate action will be taken to rectify the cause of failure.

#### **5. Conclusions**

- 5.1. In conclusion this report highlights the procurement process and results of the tender which supports the recommendation of award to the identified contractor as below.

#### **6. Recommendations**

- a) The Director of Communities, Housing & Environment is recommended to note the contents of this report and approve the appointment of Dyson Energy Services Ltd.
- b) The contract will commence on the 7<sup>th</sup> May 2021 for a period of 3 years with the option to extend for a further 12 months. The annual value of this contract will be £120,000 per annum with a potential estimated contract value of £480,000 if the extension is utilised.

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

- 7.1. 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.