

Authority to Award a contract for Fitting the Future energy efficiency works to 150 houses in Seacroft

Date: 9th August 22

Report of: Chief Officer Housing

Report to: Director of Communities, Housing and Environment

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

Does the report contain confidential or exempt information? ☒ Yes ☐ No

Brief summary

This report seeks approval to award a construction contract to deliver the Fitting the Future project.

The project will improve 150 homes in the Boggart Hill area of Leeds through the installation of external wall insulation, improved ventilation, and Solar PV Panels where appropriate. Fifty properties will also have Electric Vehicle charging points installed.

It is part funded by £2m of ERDF grant funding and benefits of the project include increased thermal comfort for residents and reduced carbon emissions.

Recommendations

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

- a) Approve the contract award to Equans Regeneration Limited for the sum of £4,175,228.69 to deliver energy efficiency works to 150 houses through the Efficiency North Framework

What is this report about?

- 1 This report provides details of the tender evaluation process and seeks approval to award a construction contract following an open, transparent tender process through the Efficiency North Framework.
- 2 Four contractors expressed an interest via the Efficiency North Framework and were invited to tender. Three contractors withdrew from the process due to the timescales associated with meeting the funding deadline requirements and the impact the current construction market would have achieving these deadlines due to difficulty obtaining materials and labour.
- 3 One bid was received from Equans Regeneration Limited following the tender deadline. Their submission was evaluated as outlined in the tender documentation and has been identified as providing value for money.

What impact will this proposal have?

- 4 Awarding this contract will allow the Fitting the Future project to take place within the timeframe required for receipt of the £2.0m ERDF grant funding.
- 5 The project will install external wall insulation to 150 system build homes in the Boggart Hill area of Seacroft. Homes meeting the orientation and elevation requirements will also receive Solar Photovoltaic Panels (Solar PV), and 50 homes will have Electric Vehicle (EV) charging points installed.
- 6 The external wall insulation will increase heat retention, reducing the level of heating needed and making the homes more comfortable to live in, as well as making the outside of the properties look more attractive.
- 7 All properties will have additional ventilation installed which will reduce the risk of damp and condensation, as well as minor concrete repair work which will improve their structural integrity.
- 8 Equans have committed to achieving £32.3k of social value benefits throughout the contract and this will be monitored by Social Value Portal (SVP).
- 9 An Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment was undertaken previously for this scheme with no expected negative impacts and can be found in the Authority to Procure decision in the background documents of this report.

How does this proposal impact the three pillars of the Best City Ambition?

☒ Health and Wellbeing

☒ Inclusive Growth

☒ Zero Carbon

- 10 This project supports the City's Zero Carbon ambitions by improving energy efficiency and reducing carbon emissions. All properties in this project will move up at least one SAP band once work has been completed. The installation of EV charging points will encourage and support tenants to use electric vehicles rather than petrol or diesel
- 11 Inclusive Growth is supported through the social value commitments from the contractor.
- 12 The Health and Wellbeing of residents will be improved through an increase in thermal comfort, a reduction in damp and condensation, and reduced heating costs and fuel poverty.

What consultation and engagement has taken place?

Wards affected: Killingbeck & Seacroft

Have ward members been consulted?

☒ Yes

☐ No

- 13 Residents were consulted as part of the initial energy efficiency surveys which included engaging with tenants to establish the benefits of the works, and a technical officer has been allocated to the project to respond to any resident queries or concerns.
- 14 Full resident engagement will commence with Equans Regeneration Ltd, in line with their resident engagement and communication strategy which was evaluated as part of the tender process.
- 15 The Ward Councillors were informed of the energy efficiency surveys and further consultation and engagement will take place during the life of the project with Ward Members and other key stakeholders.
- 16 Colleagues in the Sustainable Energy & Air Quality team have been involved in this project from the start and the Procurement and Commercial Services team have been involved throughout the procurement process and support the planned decision.

What are the resource implications?

- 17 The procurement has been carried out in an open, transparent, and competitive manner and evaluated using the quality / price separated approach to identify best value. Financial due diligence has been undertaken with Equans Regeneration Ltd to ensure their financial stability to undertake the requirements of the contract and the Council are satisfied with the financial position of the contractor.
- 18 Authority to Spend was approved in October 2019 on D50203. The total project value is estimated at £4.61m, funded by £2.0m of ERDF grant funding and £2.61m from the Housing Revenue Account (HRA). Spend will take place in 2022/23 to enable the full value of EDRF grant to be claimed.
- 19 In making this decision, the decision maker should be satisfied that this contract represents best value for the Council.
- 20 The contract will be managed by the Housing Strategy & Investment team, with technical consultancy support from NPS Leeds. A contract management plan will be developed in line with Contract Procedure Rule 3.1.17.

What are the key risks and how are they being managed?

- 21 A risk register for the project is in place to monitor, mitigate, and identify any new risks as they arise. Notable key risks include:
- 22 Health & Safety – The health and safety of residents, staff and its contractors are the council's priority. Any site visits or activity where entry to a resident's property is required will be carried out in line with government guidance, and site-specific risk assessments relating to COVID-19.
- 23 Timescales for delivery – The requirement of ERDF is for completion of works by 31st March 2023, a challenging timeframe. The project progress will be monitored, and any issues escalated to make sure activity remains on track.
- 24 Supply Chain – Due to nationwide supply chain difficulties for building materials there is a risk that this may cause delays in the construction or that construction may take longer than anticipated. This will be regularly reviewed with the contractor and mitigating action put in place where they are deemed appropriate
- 25 Over budget – The risk of the project exceeding the allocated budget has been managed by the production of robust costings taking in to account the current construction market conditions

What are the legal implications?

- 26 The decision set out in this report is a Significant Operational Decision as a direct consequence of key decisions taken on 18.10.2019 ref D50203 and 01.06.2022 ref 55308, and is not subject to call-in.
- 27 Appendix 1 information 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 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 several individual other companies.
- 28 The procurement has been undertaken in line with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.

Options, timescales and measuring success

What other options were considered?

- 29 Other options for this project were considered as part of the Authority to Procure decision report.

How will success be measured?

- 30 This project has a benefits plan which is reviewed regularly at key stages of the project.
- 31 Key benefits will include improved resident satisfaction with their heating and insulation, better value for money for resident's fuel bills, and improved comfort levels and wellbeing. These will be measured by PAS2035 regulatory survey questionnaire post installation works, and through the housing STAR tenant survey every two years.
- 32 The SVP will be used by the Council and the contractor to measure and monitor the impact of the additional social value measures implemented on this contract.

What is the timetable and who will be responsible for implementation?

- 33 Contract award is planned for mid-August 2022 with work commencing on site in September 2022 and completion by 31st March 2023.

Appendices

- Appendix 1 – Tender Analysis Report

Background papers

- [D55308](#) – Key Decision for Authority to Procure
- [D50203](#) – Key Decision for Authority to Spend, to enter into a grant agreement with ERDF, and for injection of ERDF grant funding