

Authority to Spend and Procure report for the provision of Cavity Wall and Loft Insulation Works including Energy Performance Certificates (EPCs) to Council housing stock

Date: 18th June 2024

Report of: Head of Property Management

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 provides information and seeks approval to procure a contractor to carry out improvement works to cavity and loft insulation to properties throughout the Leeds City area, which fall below the C standard as set out under the Energy Performance Certificate standard.
- The works will involve surveying properties and installing new insulation to homes which currently has defective or no insulation.
- These works contribute to the Council's ongoing strategy to undertake repair and improvement works to Leeds City Council's housing stock, which includes improving energy efficiency as part of the climate emergency agenda.
- The current contract expired in early May 2024, and over the past 12 months, due to other priorities, the spend has been minimal.
- The scheme will contribute to the Best Council Plan outcomes of tackling fuel poverty and the climate emergency by improving energy performance in homes and supports the outcome of everyone living in good quality, affordable homes.

Recommendations

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

- a) Authorise capital expenditure of £400,000 for the capital work elements of the contract with a further £80,000 revenue costs.
- b) Approve a proposed procurement strategy, in line with CPR 3.1.7, to source an external contractor to deliver the improvement works to cavity wall and loft insulation, including Energy Performance Certificates (EPCs) and invite competitive tenders in an under threshold restricted procurement process.

- c) Approve the proposed evaluation criteria of a price/quality separated approach in accordance with CPR 15.2(a), as required under CPR 15.1.

What is this report about?

- 1 The purpose of this report is to obtain the authority to procure in line with CPR 3.1.7 for the procurement of a contractor to deliver improvement works to cavity wall and loft insulation, including EPC's to properties throughout the Leeds City Council area identified by the Strategy and Investment Asset Management Team.
- 2 The proposed contract length is 1 year with a potential 12-month extension, with an estimated contract value of £240,000 per annum, so circa £480,000 over 2 years.
- 3 These works will provide the required improvements to the energy efficiency of these houses and will provide EPC certificates for the right to buy process & mutual exchanges process.
- 4 These works contribute to the Council's ongoing strategy to undertake repair and improvement works to the Council's housing stock, which includes improving energy efficiency as part of the climate emergency agenda.
- 5 The current contract expired in early May 2024, and over the past 12 months, due to other priorities, the spend has been minimal. This report outlines the new procurement which is being carried out with an estimated start date of late September/early October.

What impact will this proposal have?

- 6 The proposed works will improve energy efficiency of the identified properties and hence reduce the carbon footprint to the Council's Housing Stock.
- 7 This contract will allow for the provision of EPC documentation to allow for Mutual Exchanges and the Right to Buy process. These documents document a property's current energy efficiency rating and also advise how to improve it and reduce carbon dioxide emissions.
- 8 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment has been undertaken for this scheme and is attached as Appendix 1. There are not expected to be any negative impacts in relation to the planned works.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 9 This scheme supports tackling the Climate Emergency, a Climate Emergency Impact Assessment has been carried out which recognises that the project supports this ambition by improved energy efficiency and reducing carbon emissions within the council's housing stock.
- 10 On completion, the energy efficiency of all houses will have increased, with some increasing by at least one SAP band.

Key benefits are providing:

- Increased thermal heat retention via new insulation.
- Reduction in heating costs.

- 11 This scheme supports Health and Wellbeing, through its benefits to residents of an improved living environment, increased resident's wellbeing and reduced heating costs which also helps the Council's aims towards reducing fuel poverty.

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

- 20 A risk register for the project is in place and will continue to be managed to monitor, mitigate, and identify any new risks as they arise. Once a contractor is in place, the council will work with them to review risks regularly. Notable key risks include:
- 21 Health & Safety – The health and safety of residents, staff and its contractors are the council's priority. In undertaking this scheme 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.
- 22 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.
- 23 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?

- 24 The decision set out in this report is a Publishable Admin Decision, and is not subject to call-in.
- 25 There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 26 The procurement will be undertaken in line with the Council's Contract Procedure Rules.
- 27 The tender evaluation process and recommendation for contract award will be the subject of a further separate report prior to the award of this contract.

Options, timescales and measuring success

What other options were considered?

- 28 Other procurement options have been considered and these are set out below:

Option 1: Do nothing – This is not a viable option due to the Council's duty of care to maintain domestic properties. This re-procurement will help to reduce fuel poverty and increase energy efficiency which is important for both economic and environmental reasons.

Option 2: Internal Service Provider – The ISP have been considered in line with CPR 3.1.4, however the Head of Leeds Business Services has been consulted and agreed that they are not able to do these works within the procurement timetable that is being worked to. External contractors will have more expertise to carry out this specific type of work.

Option 3: External third-party framework – research has been done on third party frameworks, the Fusion21 and Procurement for Housing framework have been considered but have been discounted on the basis that we would not be able to include EPCs within the same procurement. It was decided that this was not the best route.

Option 4: Carry out a below threshold restricted procedure – following an open expression of interest, in which 20 contractors registered their interest for this procurement, it is recommended that the tender is issued on a restricted basis to those 20 contractors. Applicants will be required to completed a Selection Stage document to ensure adequate vetting is carried out on these contractors. **This is the recommended option.**

How will success be measured?

- 29 This scheme has a benefits plan which is reviewed regularly at key stages of the project.

30 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.

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

31 It is anticipated that the contract will be 1 year with a potential for a 12-month extension.

32 Indicative timescales for this project are shown within the table below:

Tender Published	July 2024
Tender In	August 2024
Tender Evaluation Period	Mid August – End August 2024
Award governance approval process	September 2024
Contract Award	Late September 2024
Contract Commencement	October 2024
Contract Completion	October 2025

Appendices

- Equality, Diversity, Cohesion and Integration (EDCI)
- DPIA
- EIA

Background papers

- N/A