

Contract Award for the Replacement of Heat Interface Units in connection with District Heating and Hot Water at Ebor Gardens

Date: 16th October 2024

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 for Leeds City Council (“the Council”) to award a contract to Cenergist Limited for the replacement of 297 Heat Interface Units (“HIUs”) across three high rise blocks at Ebor Gardens in the Burmantofts area of Leeds. The HIUs were installed some time ago and are now reaching the end of their economic lifespan.
- Seven contractors were invited to tender, and three bids were received by the tender deadline of 15th July 2024. Following the evaluation of the tenders, Cenergist Limited has been identified as the winning bidder.
- External funding has been secured from the government’s Heat Network Efficiency Scheme (“HNES”). The rest of the funding will come from the Housing Revenue Account.

Recommendations

It is recommended that the Director of Communities, Housing and Environment:

- a) Approves the award of a contract to Cenergist Limited for the sum of £1,292,111.95 to deliver and install the replacement of 297 HIUs and associated works at Ebor Gardens with the proposed start in November 2024 and completion in June 2025.

What is this report about?

- 1 The report provides details of the tender evaluation process and seeks approval from the Director of Communities, Housing and Environment to award the contract to Cenergist Limited (“the Contractor”) for delivery and installation of the replacement of 297 HIUs in Ebor Gardens.

- 2 This scheme of works is a subsequent decision from a Key Decision published on the 22nd May 2024 that approved the procurement strategy to procure a contractor via Lot 6 of the Heating, Renewables and Electrical Framework via Fusion21.
- 3 A tender was published on the 5th June 2024 on the YORtender portal to seven contractors who expressed an interest via Lot 6 of the Fusion 21 Heating, Renewables and Electrical framework. The submission date was 15th July 2024 and the tender was evaluated on a price/quality separated approach with all compliant contractors scored on their quality submission. All contractors passed the minimum quality threshold of 60% and therefore were to be scored on their price submission only.
- 4 At the tender return deadline, three contractors had submitted a bid and the quality submissions of these were evaluated by the evaluation panel made up of three officers from the Strategy and Investment team, within the Communities, Housing and Environment Directorate.
- 5 Bidders were asked to respond to quality questions covering the areas set out below:
 - a) 1a – Health & Safety
 - b) 1b – Health & Safety
 - c) 1c – Health & Safety
 - d) 1d – Health & Safety
 - e) 2 – Programme
 - f) 3 – Risk Management
 - g) 4 – Engagement with Residents
 - h) 5 – Safeguarding & Vulnerable Customers
 - i) 6 – Managing Deliveries & Communication
 - j) 7 – Scenario
 - k) 8 – Social Value
- 6 After the conclusion of the quality evaluation process, all three tenderers passed the minimum quality threshold of 60% and subsequently after checks of the tendered price submissions by Quantity Surveyors from the Housing Leeds Commercial Team the details of the outcome of the scoring are outlined in the table below.

Bidder	Quality Score	Price Score	Rank
Cenergist Limited	Pass	1000	1 st
Bidder A	Pass	930.46	2 nd
Bidder B	Pass	623.99	3 rd

- 7 The proposal is to award the contract to Cenergist Limited as identified above as the successful tenderer, having submitted the lowest price submission that has passed the quality threshold.
- 8 Due diligence has been completed in regard to the proposed supplier for award of contract with relevant vetting carried out to obtain technical references from previous works of a similar nature and financial checks and records of these have been stored on the Council's file for audit purposes.

What impact will this proposal have?

- 9 The project will reduce the burden on the responsive repairs budget as costly reactive repairs of failed units approaching the end of their economic lifecycle is not economical.

- 10 This project will directly benefit residents of Ebor Gardens, reduce carbon emissions, improve the buildings energy efficiency performance, which will improve thermal comfort and dependant on usage, is anticipated to reduce residents heating costs.
- 11 An Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment was undertaken previously for this scheme with no expected negative impacts and can be found within the Key Decision report that was approved on 31st May 2024 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

- 12 The project supports Zero Carbon, and a Climate Emergency Impact Assessment has been carried out and recognises the project supports this ambition to improve energy efficiency and reduce carbon emissions within the councils housing stock. Additionally, the Contractor will adopt an integrated approach to the environment and has committed to various additional social value measures to support in tackling the climate emergency.
- 13 This scheme supports Health & Wellbeing through its benefits to residents of Ebor Gardens of an improved living environment, increased resident wellbeing and reduced heating costs and a reduction of fuel poverty.
- 14 The scheme supports the Council's activity to tackle the climate emergency, and the 'Best City Ambition' strategies towards growth, health & wellbeing to maintain and improve housing quality and standards.
- 15 This scheme supports Inclusive Growth through the social value benefits the scheme will deliver, the Contractor has submitted a Social Value Proposal as part of their bid. The Council will work with Cenergist to maximise and achieve this to promote Inclusive Growth in the city. These social value commitments will be managed through the Social Value Engine.

What consultation and engagement has taken place?

Wards affected: Burmantofts and Richmond Hill

Have ward members been consulted? Yes No

- 16 Resident communications during the works will include written, face to face and telephone mechanisms to ensure maximum outreach across the project's delivery. A Technical Officer within the Strategy and Investment team is allocated to the project to manage and address any resident queries alongside other onsite activity within a project management role.
- 17 In accordance with the Commonhold and Leasehold Reform Act 2002, all leaseholders across the scheme have been consulted. This consultation ended on 13th September 2024 without objection.
- 18 Initial consultation has been undertaken with ward councillors for Burmantofts & Richmond Hill and further detailed consultation will occur throughout the project's planned delivery. The Executive Member for Communities, Environment and Housing has also been consulted on this project and is supportive.

What are the resource implications?

- 19 The value of the construction contract is £1,292,111.95. This is in line with the estimated value at Authority to Procure stage of £1.673m. The commercial team have confirmed the contract value represents the best value for money for the proposed contract.
- 20 The project will be funded by £635,330.05 external funding from the government's HNES and match funding of £656,781.90 from the Council's Housing Revenue Account.
- 21 The contract will be managed by the Housing Strategy and Investment team and by using a contract management plan in line with Contracts Procedure Rule ("CPR") 3.1.17.

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

22 The key risks for this scheme are the following:

a) Health and Safety of residents, staff, contractors and the buildings are the Councils priority. In undertaking this project, site visits or activity where entry to a resident's property is required, will be carried out in line with site-specific risk assessments.

b) Timescales to meet construction delivery: The requirement of the Department for Energy Security and Net Zero is to complete the HNES funded element of works by the end of March 2025. HNES have agreed that Leeds can frontload its grant drawdown to enable this. The contract is proposed to be delivered by June 2025 and this will be regularly monitored to ensure works are completed on time. Progress against plan will be reviewed regularly and any issues escalated to keep activity on track.

c) Supply chain: due to nationwide supply chain difficulties for building materials there is a risk that this may cause delays in the works or that works may take longer than anticipated. This will be regularly reviewed with the Contractor and mitigating action put in place where or as deemed appropriate.

d) Over budget: the risk of the project exceeding the allocated budget is being managed by robust costings that consider the current construction market conditions. The contract will be continuously managed and monitored by Strategy and Investments project managers and Quantity Surveying ("QS") team.

What are the legal implications?

- 23 This procurement has been undertaken in compliance with the Public Contract Regulations 2015 and the Council's Contracts Procedure Rules. The tender submission has been evaluated in accordance with the evaluation criteria set out in the tender documents. Following the tender evaluation, the commercial team have concluded that the submission from the Contractor is both compliant, comprehensive and represents best value for money.
- 24 In making the final decision, the decision maker should be satisfied that this contract represents best value for the Council.
- 25 This report is a Publishable Admin Decision as a direct consequence of the Key Decision taken on 31st May 2024, reference D57470 that approved the procurement strategy and authority to spend and is therefore not open to call in. Other than Appendix 1 – Tender Analysis report, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

26 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 appendices outweighs to 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.

Options, timescales and measuring success

What other options were considered?

27 Other options were considered and these are detailed in paragraph 30 of the Authority to Procure Decision Report that is referred to in the background papers.

How will success be measured?

28 This project has a contract management plan which is reviewed regularly at key stages.

29 All properties will have a new Energy Performance Certificate (EPC) rating that will measure the success of the replacement HIU works.

30 Various measurements will be taken from the housing Survey of Tenants and Residents (STAR) survey of every two years and through the new PAS2035 standards that relates to surveying energy efficiency and its improvement before and after works through Standard Assessment Procedure (SAP) ratings, carbon emissions and resident questionnaires.

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

31 Contract Award is planned for late October/early November 2024, followed by a 3-week mobilisation period and work commencing on site late November 2024. The contract duration is 7 months completing on site in June 2025.

Appendices

- Appendix 1 – Tender Analysis Report (Confidential) Appendix 1 should be designated exempt from publications in accordance with Access to Information Procedure Rule 10.4(3).

Background papers

[D57470](#) Authority to Procure - Key Decision dated [8th June 2024]