

Report to	Cabinet
Date of meeting	21 st September 2021
Lead Member / Officer	Cllr Tony Thomas / Steve Gadd
Report author	Glyn Forsdick
Title	Council House External Enveloping and Energy Efficiency Framework & Mini Competition Award

1. What is the report about?

1.1 To seek approval to award the recently tendered external enveloping framework to procure services required to deliver major external repairs to the council's housing stock and also to seek approval to tender the first two lots from the framework by way of mini competition.

2. What is the reason for making this report?

2.1 A decision is required to award the 4 year framework required to procure external enveloping contracts to maintain the condition of the council's housing stock in line with the Welsh Housing Quality Standard and to tender the first two phases (lots 1 & 2) of the programme from the framework. (Please refer to Appendix 1)

3. What are the Recommendations?

3.1 To award the framework contract to six contractors as detailed below who were successful in fulfilling the required criteria following a recent tender exercise.

- **Sustainable Building Services (UK) Ltd**
- **Bell Decorating Group Limited**
- **Novus Property Solutions Limited**
- **ParkCity Multitrade Ltd**
- **Gareth Morris Construction Ltd**
- **Pave Aways Ltd**

3.2 To tender the first two lots of the framework via mini competition this financial year on a price only basis given that all contractors have met the required quality criteria giving an exemption to forgo the five-day call in period (Lot 1 only) to allow Lot 1 of the framework to be advertised immediately and reduce further contract mobilisation delays.

3.3 To delegate the decision to increase the contract values of Lot 1 and Lot 2 in the event of Welsh Government Optimised Retrofit Funding being successfully obtained and if the revised contract value exceeds £2 Million to the Head of Finance & Property in consultation with the Monitoring Officer and Lead Member for Finance, Performance & Strategic Assets.

4. Report details

- 4.1. Denbighshire Housing owns and manages circa 3,400 council properties. Since 2004 a number of major repairs have been completed to the housing stock in order to achieve the Welsh Housing Quality Standard.
- 4.2. We need to ensure that the housing stock remains compliant with the current WHQS standard and the forthcoming revised standard expected in 2021.
- 4.3. In addition, Welsh Government recently (2020) launched their Optimised Retrofit Programme (ORP) which facilitates the inclusion of enhanced energy efficient and off grid energy solutions. During the last round of external improvements, DCC successfully obtained circa £2.0M in grant funding and delivered a programme of retrofit installations to 55 properties in Meliden.
- 4.4. The next four-year planned capital programme will see external improvements delivered to other areas of the housing stock where investment is now required. Works will generally replicate previous programme in terms of external enveloping with additional retrofit energy efficiency works included wherever possible.
- 4.5. The new framework will also deliver a significant community benefit contribution to the local economy inc. apprentice and training opportunities within each lot.
- 4.6 We propose to deliver 2 lots this financial year from the new framework adopting these new practices. The first lot will see improvements delivered to 50 properties on our Rhydwen Drive estate in Rhyl and subject to a further successful grant application, an additional 50 properties which are currently hard to heat will also be

improved across the several areas of the housing stock. Prior to the start of this next phase of works, we have installed energy monitoring equipment to the majority of the homes to allow us to report on the benefits of the retrofit works and to track improvements pre and post improvement works. We are one of only a few local authorities trailing this technology for the WG.

4.7 Based on the success of previous retrofit works, DCC have provisionally been awarded further ORP grant funding to deliver similar improvements to our stock and it is intended that a similar approach will be taken in terms of combining these improvements with our planned maintenance works in Lot 1. In addition, a further bid will be made to secure additional ORP funding to enhance the proposed Lot 2 works.

4.8 The timing of grant funding confirmation, release and spending deadlines is not consistent with our need to progress our intended enveloping works, irrespective of whether ORP funding is made available or not. The anticipated value of both Lots is £1M each.

4.9 It is intended to tender both Lot 1 and Lot 2 on the basis that the planned work contract can be let based on enveloping works only, with any ORP funded works being added in subject to funding availability and deliverable spend profile. If ORP funding does become available, it would increase the project costs considerably and could take each project over the £2M threshold which requires Cabinet approval.

4.10 In order to facilitate the need to act quickly in terms of including the additional physical works (integrated solar PV, increased wall insulation via external wall insulation (EWI) and the installation of battery technology to harness solar gain) into the existing programmes and meet WG spending deadlines (generally within the financial year of award), Cabinet are asked to delegate any increase in project costs to the Head of Finance & Property, in consultation with the Monitoring Officer and Lead Member for Finance, Performance & Strategic Assets should the value of each Lot (1 & 2) exceed £2M. This applies to Lots 1 & 2 only of the proposed Framework.

4.11. The new framework will ensure that we are strategically well placed to take advantage of any future Welsh Government grant as we will have a mechanism in place to deliver schemes to the required specification.

4.12 Incorporating potential energy efficiency works into the framework as part of the external enveloping programme will also generate a significant increase with regards to improving our Energy Performance Certificate (EPC) data. All properties on our last phase in Meliden now achieve an EPC A or B rating, a target that will be replicated on this project.

5 How does the decision contribute to the Corporate Priorities?

5.1 The delivery of major planned repairs contributes significantly to increasing the energy efficiency of the councils housing stock as the capital plan works are designed to ensure that all properties achieve a minimum EPC C69 in line with the current corporate target.

5.2 The delivery of major planned repairs also contributes to the corporate Housing priority of where everyone is supported to live in homes that meet their needs.

6 What will it cost and how will it affect other services?

6.1 The total value of the four framework is expected to be £10M. However, a proportion of this expenditure is anticipated to be met by the Welsh Governments Retrofit Grant.

6.2 The anticipated costs for refurbishment work are contained within the HRA 30 year business plan and any additional works undertaken will be subject to grant availability.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1 .Main conclusions: Carbon reduction to the housing stock, increased employment opportunities, increased training opportunities, SME and local supply chain benefits, skills development, tenant engagement and Community involvement

8. What consultations have been carried out with Scrutiny and others?

8.1 The Council's procurement team have been involved in the development and tendering of the framework. Relevant Local Members are consulted within each ward prior to the start of specific improvement works and statistical information is fed back both corporately and to the WG regularly.

9. Chief Finance Officer Statement

9.1 The recommendation to award the four year framework for external enveloping contracts will help ensure that we can maintain the condition of the council's housing stock in line with the Welsh Housing Quality Standard going forward. The planned expenditure is included within the Housing Stock Business Plan and current and future spending plans.

10. What risks are there and is there anything we can do to reduce them?

10.1 Legal challenge in relation to the procurement process – managed by the input of specialist legal/pricing advice in terms of process and drawing up required documentation.

10.2 Contractor performance is poor – regular monitoring of KPI's within the contract will ensure sanctions are available to the Council to address poor performance.

10.3 Contractors withdraw from the Framework/go into liquidation – the remaining contractors within the framework should be able to manage the workload.

11. Power to make the decision

11.1 The power to make decision is contained in S2 Local Government Act 2000, S111 Local Government Act 1972, Regulation 33 Public Contracts Regulations 2015.