

Report to	Cabinet
Date of meeting	29 Sept 2022
Lead Member / Officer	Rhys Thomas – Lead Member for Housing & Communities /David Lorey – Lead Officer Corporate Property & Housing Stock
Report author	Katrina Allen
Title	Phase 2 Social Housing Retrofit Works – Rhydwen Drive Rhyl

1. What is the report about?

- 1.1. To seek approval to proceed with a Direct Award contract to Sustainable Building Services for our energy retrofit works. This work falls within the Capital Planned Works with approved Cabinet commitment to a £2.5M Lot spend.

2. What is the reason for making this report?

- 2.1. To advise Cabinet of the proposals for us to continue works in Rhydwen Drive Rhyl to mitigate fuel insecurities.

3. What are the Recommendations?

- 3.1. To directly award the contract to the contractor currently undertaking phase 1 of the works based on the competitive rates via the Welsh Procurement Alliance Energy Framework as agreed by Procurement.
- 3.2. That the 5 day call in period requirement prior to implementing the Cabinet decision is waived on the basis that the current contract ends on 30th September 2022 and any delay in contract award will lead to additional costs and programme delays leading to the risk of missing grant stipulated spending deadlines.

4. Report details

4.1. In December 2020 the Welsh Government invited bids for rounds 1, 2.1 and 2.2 of the Optimised Retrofit Programme (ORP). Denbighshire has already secured circa £5.8Million from previous bids for both core and innovative works to our homes. ORP 3.0, this year, will not be based on invited bids but based on a stock formula so we are guaranteed funding this year for our Core energy works.

4.2. ORP funding 2.1 was sought for 55 houses on Rhydwen Drive/Close. The funding did not stretch to all, approx. 100 council houses, on the street. We are asking to continue our Planned Capital Energy Works to those left, reaching a further 44 houses. We do not want to lose continuity on site The benefits of continuing this scheme early Oct is that:

- We can retain the 12 local apprentices we've gained from Phase 1 and continue their employment for a further 26 weeks. They walk to work as cannot afford a car. 6 of them are on tailor made roofing courses to help with individual disabilities.
- The site is already mobilised and we can save costs by not having to remove then set up again.
- The Supply chain are holding onto stock as to not cause potential time/cost delay.
- All our subcontractors (except the renderers) are local companies.
- Costs are secured through the Welsh Procurement Alliance Framework so we can ensure Value for Money.
- We can retain the continued quality of workmanship.

4.3. The improvements have included integrated solar PV, increased wall insulation via external wall insulation (EWI) and the installation of battery technology to harness solar gain, we have also been able to upskill local businesses in green technology installs and had 12 new local apprenticeships on site.

4.4. We've produced solar and IES guides for our tenants and hold drop in sessions for those wanting more information on using the solar PV.

- 4.5. Our Capital Planned Works are scheduled outside the bird/bat nesting seasons so these works are best commenced Sept-March to help mitigate delays and disruption to tenants.
- 4.6. We need to scale and pace these works in light of current fuel insecurities. This work generates a significant increase with regards to improving our Energy Performance Certificate (EPC) data. Early indications from our current Phase 1 programme has confirmed that we have increased these homes from an EPC D to an EPC B/A by adopting retrofit techniques and tenants are seeing a saving in their electricity bills. However, an amount of tenant energy advise/education is still required to help those truly optimise those benefits.
- 4.7. The current Phase 1 contract ends on 30th September 2022. The request to forego the 5 day call in period prior to implementing Cabinet's decision is required to enable contract award ASAP and ensure that the contractor, sub-contractors and supply chains have the security of a continuing contract and do not commit resources to alternative projects, thereby leading to cost increases and programme extensions.

5. How does the decision contribute to the Corporate Priorities?

- 5.1. **Housing:** The EPC's for these houses are a mix of D and C,s, which aren't the worst of our housing stock, but, the area itself houses some of Denbighshire's most vulnerable tenants. These works will help tenants reduce their overall electricity and heating bills while tariffs are high. Denbighshire's required targets are for our houses to get to an EPC A so this scheme will help put residents on a future road map to get them up to this target
- 5.2. **Connected Communities:** This scheme will help create a resilient and connected community as they will be in control of some of their own electricity usage. We also have a number of tenants (phase 1) who have signed up to form a tenant's informal forum so they can help us to ensure our houses stay efficient. We hope to continue this for Phase 2.
- 5.3. **Addressing Deprivation:** The residents in this area are at a disadvantage due to high unemployment etc. however, we've had some tenants and others that live locally ask for work and we've signed 7 up to an apprenticeship scheme with the

subcontractors on site with 5 currently still working on the site (the ORP helps fund this element). Total number of apprenticeships created is 12. We want to keep those currently on apprenticeships working and a Direct Award with the same company will help continuity with their employment.

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

6.1. The overall scheme will cost circa £1.672Million

6.2. Welsh Government will provide £650K (approx. £15K energy uplift to 44 properties).

6.3. DCC's Housing Revenue Account will cover Circa £1,022M capital improvement works to the social housing stock in addition to the WG provision.

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. There is a clear need and requirement to ensure the councils housing stock is maintained to a high standard and although scrutiny consultation has not been considered at this stage, there has been considerable dialogue with WG and tenants regarding our planned works programme. Relevant councillors are also consulted with in each ward prior to the start of the improvement works and statistical information is fed back both corporately and to the WG regularly.

9. Chief Finance Officer Statement

9.1. This work falls within the Capital Planned Works with approved Cabinet commitment to a £2.5M Lot spend.

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

10.1. We risk losing these benefits if we delay the start on site.

10.2. The Welsh Procurement Alliance Energy Framework facilitates direct award based on competitive rates submitted.

11. Power to make the decision

11.1. S111 of the Local Government Act 1972