

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Christine Marshall, Executive Director of Strategy and Resource

To: Portfolio Holder for HRA and Private Sector Housing, Cllr Christine Lawton

(Author: Jason King, Assistant Director Housing)

Subject: HRA- Energy Efficiency Improvements Project

Purpose: To recommend acceptance of Green Homes Grant LAD capital funding of £800,000 and enabling funding of £87,300. To recommend an amendment to the HRA capital programme of £1,152,300, to be funded by £887,300 Green Homes Grant and £265,000 for match funding required under the scheme. To enable delivery of retrofit works to council properties at a total initial value of £1,152,300 and that Council approve the acceptance of grant funding and the necessary amendments to the HRA capital budget. To award a contract Rybka for consultancy works and Aaron Services Ltd for retrofit works at the initial value of £1,152,300. To allow future call off works for a period of up to 8 years at a value not exceeding £8,000,000.

Recommendation(s):

- 1) That, subject to Council approval capital funding of £800,000 is accepted under the terms of the Green Homes Grant Local Authority Delivery Scheme.
- 2) That, subject to Council approval enabling funding of £87,300 is accepted under the same scheme.
- 3) That, subject to Council approval the HRA capital programme is amended to include a budget of **£1,152,300, to be funded by £887,300 Green Homes Grant and £265,000** to match fund retrofit works in accordance with requirements of the scheme.
- 4) That Council consider the acceptance of grant monies together with outlined budget amendments to enable match funding for retrofit works with an initial contract value of £1,152,300 be undertaken.
- 5) That a contract is awarded to Rybka for consultancy works and Aaron Services Ltd for retrofit works at an initial contract value of £1,152,300.
- 6) That future call off works for a period of up to 8 years at a value not exceeding £8,000,000 be approved.

1.0 BACKGROUND

- 1.1 In response to the Government target for social housing providers to increase the energy efficiency of their homes, the Council applied for Green Homes Grant, Local Authority Delivery, Phase 1B funding. Following a successful bid, the funding award consists of £255,000 for capital improvements and £38,250 for enabling works. A third of the works to each property will be additionally match funded from the Councils capital programme. The Council has been offered a further £545,000 for capital works and £49,050 for enabling works under Phase 2 of the Green Homes Grant scheme. The total match funding requirements are £265,000
- 1.2 The above funding opportunities have short delivery timescales, September 2021 for phase 1B and December 2021 for Phase 2. It is likely that any future funding opportunities will have similar delivery timetables. To ensure the Council can bid to appropriate funding schemes or accept funding offers, it is proposed to let the works to two contractors under the Crescent Purchasing Consortium (CPC) Energy Efficiency framework. The scope of the contract enables the Council to award approximately £8,000,000 of works over an eight-year period. It should be noted that this is the scope of the contract award and not a committed contract value.
- 1.3 Social housing providers have been set the target of all homes achieving a minimum EPC C rating by 2035. Following a review of Council properties, a significant proportion of the Councils housing stock will require programme improvements to ensure this minimum rating is achieved. Awarding a contract to Rybka for enabling works and Aaron Services Ltd for programme improvements through the CPC Energy Efficiency framework will ensure the Council has a programme approach to achieving this target.
- 1.4 Part of the funding shall be used for the consultants to undertake EPC surveys prior to the works and post completion of works as per the funding criteria to reach an EPC band C rating. They will also undertake assessments to capture the most cost effective, and energy efficient solution for each property to ensure value for money. The works to be undertaken will vary in relation to the current status of the individual properties. Many will require some major works carrying out such as solar pv, cavity wall, loft and floor insulation, replacement heating systems and in some cases replacement windows and doors. Others will require minimal works such as energy efficient lighting or additional heating controls.
- 1.5 The contract award will be for an initial 4-year period, with the option to extend for a further 4 years (4+2+2). The Council may review this contract and the suitability of the framework over time. However, it is beneficial to the Council to utilise the proposed contract and framework as a delivery vehicle to secure additional funding as future prospectuses are advertised. As with the schemes advertised to date, it is anticipated that the Council will need to respond and deliver in a short timeframe.
- 1.6 The Council will need to continue to deliver works to properties where the funding criteria of obtaining EPC band C is not met and this contract and framework arrangement will provide an opportunity to do this. This could be due to the property or tenants circumstances, as each funding allocation contains certain stipulations. The conditions of awarding to this framework do not restrict the Council in awarding

future works to other contractors through an open market tender or alternative framework. There is no minimum spend requirements on this framework agreement.

2.0 **OPTIONS**

- 2.1 Option 1 - To initially award a contract to Rybka for consultancy services and Aaron Services Ltd to undertake retrofit work to a value of £1,152,300. (For phases 1b and 2.) To recommend acceptance of the grant funding offered to the Council together with amendments to the HRA capital programme. To allow a call off on this framework for up to a potential 8 years at a total estimated contract value of £8,000,000. Recommended.
- 2.2 Option 2 – Consider alternative procurement options, including an open market tender or a direct award to an alternative framework. It should be noted that this option might cause significant delays in the appointment of a contractor, resulting in the initial grant monies becoming a payback risk. Not recommended.
- 2.3 Option 3 – Do nothing. This is not considered a viable option as the Council will have to meet Government’s targets to achieve an EPC C rating in every property by 2035. In addition, the grant monies secured would have to be paid back. Not recommended.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 The initial grant under Phase 1B has to be spent by 30th September 2021. In order to deliver capital improvements to meet this timeframe, a direct award under a framework agreement is considered the most proficient option. By using the CPC framework, the consultants and contractors have proved value for money by being allowed on to the framework. In addition the necessary accreditations required by BEIS including PAS2035 and Trustmark.
- 3.2 Entering into a contract for a lengthy period is considered advantageous under the terms of the framework. As there is no commitment to spend the total, contract value is an upper limit. This enables the Council to advantageously bid for future funding opportunities. The benefit of the framework can be regularly reviewed to ensure the Council continues to receive value for money and access to contractors that meet the requirements of the work to be delivered. Alternative procurement options may then be considered.

4.0 **EXPECTED BENEFITS**

- 4.1 By appointing Rybka (consultant works) and Aaron Services Ltd (improvement works) from the same framework, this gives a good continuity of support should any issues arise.
- 4.2 BEIS have stipulated that all projects must be completed by contractors and consultants with a minimum of PAS2030. All CPC framework contractors are PAS2035 accredited, this enhances the Council’s ability to seek external funding.

5.0 **IMPLICATIONS**

Officers have followed and abided by the delegated powers as laid out in the Constitution.

5.1 Carbon Footprint / Environmental Issues

5.1.1 The works awarded under these contracts will have a direct positive impact on Council properties. Reducing our carbon footprint by making our properties more energy efficient in line with the minimum requirements ahead of 2035. The works will also benefit the tenants by improving their thermal comfort and reducing the costs of running their home.

5.2 Constitution & Legal

5.2.1 The procurement was subject to a direct award via the CPC Energy Efficiency frameworks (N8 for works and N8C for consultancy and therefore meets requirements under both UK and EU Procurement Law and the Constitution's Contract Procedure Rules.

5.3 Contracts

5.3.1 The Contract will be compliant and agreed with the framework provider. It is envisaged that our Standard Terms and Conditions will be suitable for the Consultancy and a JCT Measured Term Contract 2016 will be used for the works contract.

5.4 Corporate Priorities

5.4.1 This Contract allows the Council to meet Corporate Priority; "Your Home".

5.5 Crime and Disorder

5.5.1 N/A.

5.6 Data Protection

5.6.1 N/A.

5.7 Equality and Diversity / Human Rights

5.7.1 N/A.

5.8 Financial

5.8.1 The financial implications of the scheme are set out in the table below.

Funding scheme/Budget	Capital	SHDC match funding	Enabling works	SHDC match funding	Total costs
GHG 1B	£255,000	£85,000	£38,250	£0	£378,250
GHG 2	£545,000	£180,000	£49,050	£0	£774,050

Total	£800,000	£265,000	£87,300	£0	£1,152,300
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5.9 Health & Wellbeing

5.9.1 Studies show that by improving insulation within homes, temperatures are increased, relative humidity, costs and mould are reduced. These changes have had a positive impact on residents by improving their health and well-being resulting in a lower utilisation of healthcare services.

5.10 Reputation

5.10.1 It is considered that improving the thermal comfort of our resident's homes will have a positive impact on our tenants. In meeting the Council's aspiration to become a landlord of choice, continuous investment in our housing stock will ensure our homes continue to be desirable to prospective new tenants in the future.

5.11 Risk Management

5.11.1 By entering into this contract, we will be stopping the risk of challenge as this will be compliant spend under an approved framework.

5.12 Safeguarding

5.12.1 N/A.

5.13 Staffing

5.13.1 N/A.

5.14 Stakeholders / Consultation / Timescales

5.14.1 The necessary stakeholders have been involved in the process throughout.

5.15 Transformation Programme

5.15.1 N/A.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All Wards.

7.0 ACRONYMS

7.1 BEIS- Department for Business, Energy and Industrial Strategy.

7.2 CPC- Crescent Purchasing Consortium.

7.3 GHG- Green Homes Grant.

Background papers:- N/A.

Lead Contact Officer

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Key Decision: Yes

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report: N/A.