

London Borough of Enfield

Operational Report of Housing and Regeneration Director of Place

Subject: To obtain approval to proceed with appointing Wates Property Services to deliver external wall insulation and associated works via a direct award, using the South East Consortium (SEC) Framework utilising grant funding from BEIS for Phase 1B of the Local Authority Delivery scheme within funding deadline.

Cabinet Member: Cllr Gina Needs, Cabinet Member for Social Housing

Executive Director: Sarah Cary, Executive Director Place

Ward: Southbury, Ponders End, Edmonton Green, Bush Hill Park and Cockfosters.

Key Decision: KD 5313

Purpose of Report

1. To obtain approval to proceed with appointing Wates Property Services to deliver external wall insulation and associated works via a direct award using the South East Consortium (SEC) Framework for Internal and External Building Works over £1m.
2. A direct award is required due to the short delivery timescales, required by BEIS to enable the Council to attain benefit of the external funding.

Proposal(s)

3. To authorise the appointment of Wates Property Services to deliver external wall insulation and associated works via a direct award using the South East Consortium (SEC) Framework, to 118 homes. Grant funding from BEIS for Phase 1B of the Local Authority Delivery scheme will be used contribute to the retrofitting of 61 homes, within the programme.

Reason for Proposal(s)

4. Enfield Council have been successful in the bidding application for Phase 1B of the Local Authority Delivery scheme and received confirmation from BEIS on the 2nd February 2021 that the application has successfully met the assessment criteria for funding to provide energy efficiency upgrades to low-income homes which amounts to

£305,000 worth of funding for 61 Council properties and the work is for the installation of External Wall Insulation.

5. Previously in accordance with the delegated powers provided under Key Decision 5298/U231, the Director of Housing and Regeneration approved and signed the Memorandum of Understanding by the 16th February 2021 deadline to ensure grant funding from Central Government was obtained.
6. As part of the 5-year capital programme agreed at Council in February 2021, a budget of £7,708,000 was allocated for stock condition led works for the 2021/22 financial year, which includes energy efficiency measures to Council Homes.
7. One of the stipulations of Enfield Council obtaining the grant funding is that all works must be completed on site by the 30th September 2021, by a Trustmark registered contractor, in compliance with PAS2035 requirements.
8. As such the complexity of the PAS 2035 process together with LBE's governance requirements precluded the use of the mini – competition route, as the linear process of appointing Retrofit Assessors, tendering the works and delivering the works meant the works could not be complete by September 2021.
9. As such the Councils only route to market options, to appoint a delivery partner for these works is either; direct award via an approved framework or a negotiated tender, based on open book rates.
10. Wates are ranked first on the SEC Framework, as such can be directly appointed without contravening the Public Contracts Regulations 2015. As Framework prices are obtained in competition, this allows the Council to demonstrate value for money is being delivered.

Relevance to the Council Plan

11. The release of the external funding from Central Government supports the Council in the delivery of a retrofit plan, working towards a minimum SAP score of 86 for every property by 2030 and the targeting of investment in order to achieve its Carbon Neutral Pledge.
12. The energy efficiency upgrade works will support the priorities and principles contained in Councils Climate Action Plan to commence the decarbonisation of the Councils Housing stock.

Background

The Assessment Criteria included in the application for Phase 1B of the Local Authority Delivery scheme:

13. We plan to target, with the support of the BEIS funding 61 households that would benefit from energy efficient retrofit measures such as external wall insulation to existing solid walls, that currently have EPC ratings of D, where the household income is below £30,000 pa.
14. In addition we have identified an additional 57 homes, where due to the household income cap, the properties are not eligible for the funding, but are identical in construction, condition and SAP rating and as such would benefit from work. As such it is our intention to carry out works to all 118 homes.
15. To help these homes move to C and above ratings, we will install external wall insulation. We are taking a fabric first approach as doing so reduces the energy needs of the property and will enable any low carbon heating and renewable measures to be more effective and efficiently sized to meet the needs of that insulated property.
16. Our ambition is that after the installation measures have been completed, all properties addressed in this project will improve their EPC rating to C or above. This will be measured by the Pre- and Post-EPC assessments.
17. We have received prior Cabinet approval for the HRA 30 Year Business Plan 2020 and approval for the 5 year investment programme which was provided in January 2020 (KD4969) as such we have the relevant authority for a total spend of £245m within the 5 year programme for this project.
18. The properties that have been identified for the energy efficiency works fall within 5 Council Wards; Southbury, Ponders End, Edmonton Green, Bush Hill Park and Cockfosters. Please see Appendix A

Main Considerations for the Council

19. The Council has declared a Climate Emergency.
20. The Council is required to ensure all Council Homes meet EPC B standards by 2030 and that all homes are carbon neutral by 2050.
21. Given the forecasted costs associated with meeting these two standards, the Council will not be able to achieve these targets, unless it attains and utilises external funding to support its delivery programme.

Monitoring

22. In adherence with the Memorandum of Understanding monitoring will be undertaken in accordance with Key Performance Indicators specified in the MOU to ensure the release of funding at the various critical stages.

23. The works are scheduled to be completed by 30th September 2021.

Safeguarding Implications

24. As with all projects involving council tenants, there are potential safeguarding implications for young people, children and vulnerable adults. These risks will be managed through normal housing capital works procedures (e.g. DBS checks for suppliers).

Public Health Implications

25. Our Joint Health and Wellbeing Strategy sets out how we will work with partners to make Enfield a place where people eat well and are active, smoke-free and socially connected.

26. Homes which are better insulated and require less energy and cost to heat are better for resident's health. Also, retrofit has the potential to address internal air quality, mould and damp health issues.

Equalities Impact of the Proposal

27. It is not envisaged that the strategy will have a negative impact but may have a positive impact in terms of fuel poverty and potential creation of jobs.

Environmental and Climate Change Considerations

28. The Council's Climate Action Plan has a target for existing housing stock to be brought up to an average of an EPC B rating by 2030. This reflects the significant impact that housing has on carbon emissions, making up around 38% of the borough wide total, while Council housing specifically accounts for around 38% of the organisation's Scope 3 emissions (those which are indirect but can be influenced).

29. The Government funding which has been secured will support the installation of external insulation to over 60 properties. This will have a positive impact on running costs and in use emissions. The impact will be monitored using SAP assessments both before (where these have not already been undertaken) and after. It is forecast that the works will move the properties from a current SAP D to at least a SAP C.

30. An important element of this work is being able to test new approaches so that the Council is in a position to better deploy resources and tailor future interventions to funding opportunities. Given that solid wall housing stock makes up a significant percentage of all London housing, it is also an important way to test specific measures to understand how they can be scaled up in the future, including identifying where there are

challenges that need to be addressed, for example sector capacity for delivery at scale.

31. This complements other retrofit pilot schemes, including at Walbrook House in Edmonton and the delivery of an Energiesprong approach (this project is using a mix of Government funding and HRA) at a number of properties as part of a collaborative project. All of this will feed into the Retrofit London programme, for which the Council is joint lead borough alongside Waltham Forest, with its target of an average of EPC B or equivalent across all homes in London by 2030.

Risk Management

32. Risks that may arise if the proposed decision and related work is not taken

Risk Category	Mitigation
Strategic	<p>Risk: The Council does not deliver against the Climate Action Plan targets.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • By proceeding with the appointment of Wates Property Services to deliver external wall insulation and associated works via a direct award enables the energy efficiency works to commence and starts the Councils journey in achieving its long-term vision and ambitious target to reduce borough wide emissions.
Financial	<p>Risk: Failure to implement and complete the works within the deadline will result in the missed opportunity of obtaining Government Funding and the commencement of energy efficiency works to residents and Council Housing that has been identified as being most in need of these works.</p> <p>Mitigations:</p> <ul style="list-style-type: none"> • Proceed with direct award, benchmarking data to demonstrate value for money. • Make best use of partnership opportunities and future external funding streams. • Develop property type specific feasibility case studies to ensure all reasonable costs are captured. • Explore strategies to decrease the additional cost – such as using economies of scale in supply chain, funding and grants and setting the standards at the 'launch' of the project.
Reputational	Risk: Failure to implement and complete the works

	<p>within the deadline will result in Government Funding not being attained when other LA Partners that have been successful in obtaining funding are progressing.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Proceed with the direct award and appointment of Wates Property Services to deliver works within required timescale.
<p>Operational and financial</p>	<p>Risk: that the energy efficiency works are unsuccessful in reducing energy use or cause unforeseen issues for tenants</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Learn lessons from other local authorities that have obtained funding • Monitor implementation • Engage and brief residents early on, so they understand the works being undertaken <p>Risk: That insufficient progress is made within the required timescales regarding the attainment of financing; funding and skills to support programme delivery</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Create capacity within the Housing asset team to deliver the deep retrofit programme; • Share knowledge and expertise across council departments and the Sustainability Project Board. • Learn lessons from other local authorities in the same programme

Financial Implications

See part 2.

Legal Implications

See part 2.

Workforce Implications

33. There are no immediate implications and no redundancies. The Housing Capital Programme team will need to gear up to support this programme.

Property Implications

34. Contained within the body of this report.

Other Implications

35. None

Options Considered

36. To not sign the Memorandum of Understanding and miss out on £305,000 of grant funding to improve the energy efficiency of homes for residents.

Conclusions

37. By proceeding with the direct award and appointment of Wates Property Services to deliver the energy efficiency works within the required timescale the Council will ensure Central Government funding is attained.

38. This will contribute towards the overall aims and objectives of Enfield Council's Housing Asset and Sustainability Strategy 2020-2050, which sets out our strategic approach to the investment in council homes over the long term. This also supports the delivery of Enfield Council's Housing and Growth Strategy 2020-2030 and specifically the objective of "Investing and being proud of our Council homes" and the delivery of the Councils Climate Action Plan.

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Date of report 15 June 2021

Appendix A – Summary of Property Locations
Appendix B – Part 2 Report LAD Award to Wates
Appendix C – Tender evaluation report produced by Echelon