

ITEM No ...3.....

**REPORT TO: NEIGHBOURHOOD REGENERATION, HOUSING AND ESTATE
MANAGEMENT COMMITTEE – 13 MAY 2024**

**REPORT ON: SOURCING STRATEGY FOR THE PROCUREMENT OF WORKS TO
INSTALL RETROFIT UPGRADES IN THE LINLATHEN AREA**

**JOINT REPORT BY: EXECUTIVE DIRECTORS OF CITY DEVELOPMENT &
NEIGHBOURHOOD SERVICES**

REPORT NO: 128-2024

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process to procure a Principal Contractor to install retrofit fabric upgrades including structural external wall insulation and to seek approval to commence a compliant tender process, leading to award of a contract.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee:

- a) approves the commencing of a procurement exercise in respect of the project described (based on the sourcing strategy summarised in this report);
- b) agrees that in compliance with the Public Contracts (Scotland) Regulations 2015 the Executive Directors of Neighbourhood Services and City Development utilise the mini competition process available through the Scotland Excel Framework for Energy Efficiency Contractors , Ref: 1320, Sublots 2.1: External Wall Insulation and Finishes; 2.9: Flat Roof Insulation, Repair and Replacement; 2.10: Cold Roof Insulation, Repair and Replacement: Pitched; 4.1: Solar PV; 4.2: Electric Battery Storage;
- c) notes that the outcome of the procurement process will be brought back to committee in due course for the purpose of approving the contract award.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with this report.

3.2 The estimated cost of the contract to be awarded will be met from the sum of which has already been approved in the relevant budget. From previous experience and market testing carried out, the total cost of the contracts awarded is anticipated to be £12.960m. This comprises £12.460m from the Capital Plan 2024-2029 - Tackle Climate Change and Reach Net Zero Emissions by 2045 - Housing HRA Element.

3.3 Dundee City Council requires to maximise funding from the Energy Efficient Scotland - Area Based Schemes (EES: ABS) from the Scottish Government to ensure owner occupiers can be included in the programme and mixed tenure blocks comprehensively treated. Officers are having ongoing discussions with SCARF to maximise the number of owners who can access ECO4 flex funding to take advantage of the works. The balance of funding in the sum of £0.500m for the 10 private owned and private rented properties will be met through the Energy Efficient Scotland - Area Based Scheme (EES - ABS) funding for 2024/2025 and 2025/2026, the Energy Company Obligation (ECO 4) funding, which is available until March 2026 and Contractor contributions, the exact sub-division of which will be dependent upon the levels of funding available from each source.

- 3.4 The final cost of the tender together with confirmation of how this will be funded and the period over which these costs will be incurred will be brought back to committee together with the approval of the contract in due course.

4. BACKGROUND

- 4.1 The services comprise the procurement of a Principal Contractor to install comprehensive retrofit fabric upgrades including structural external wall insulation, ground floor insulation, loft insulation, replacement doors & windows, and solar photovoltaics with battery storage in accordance with PAS 2035 as the Council require this for the 304 Council tenanted properties within the Linlathen area.

Development	DCC Tenants	Private Rented Sector / Owned	Total Properties
Linlathen	304	10	314

- 4.2 Dundee City Council have delivered an External Wall Insulation Programme across the city for many years under a bespoke Delivery Agreement. Following a comprehensive assessment this delivery agreement has been deemed to no longer be suitable as it did not deliver the levels of project scrutiny by technical, financial, procurement or legal officers deemed necessary for projects of this value. A sourcing strategy has been developed to review the procurement route, which confirmed there are currently no companies contributing to the Dundee economy which provide the services required. Accordingly, it is recommended that these services are procured via the Scotland Excel Framework for Energy Efficiency Contractors, Ref: 1320, Sublots 2.1: External Wall Insulation and Finishes; 2.9: Flat Roof Insulation, Repair and Replacement; 2.10: Cold Roof Insulation, Repair and Replacement: Pitched.
- 4.3 Reference is made to Article IV of the minute of meeting of this Committee of 4th December 2023, in relation to the Energy & Net Zero Strategy 2023-2027, noting that properties in the Linlathen area, which are of non-traditional solid cedar construction, are deemed to require a specific structural wall insulation to safely upgrade the energy performance. In September 2023, the Neighbourhood Regeneration, Housing and Estate Management Committee agreed for the Executive Director of Neighbourhood Services to procure an external wall insulation solution for the Linlathen Phase 1 Development via a direct award through use of the Procurement for Housing Framework Agreement 'Renewables and Energy Efficiency Work and Associated Consultancy Services – Lot 1F (Insulation). Following consideration, it is now recommended that an alternative proposal that provides complete solution for the wider Linlathen housing development would be more beneficial. The proposed selected framework takes cognisance of this requirement and provides access to suitably certified contractors that could undertake this wider project.
- 4.4 Community Benefits - Framework Spend Value of £6.6m equates to 660 Community Benefits Points which may be used for initiatives under the following headings (although parties may agree on alternative equivalents): Carbon Offsetting, Fuel Poverty Support, Energy Efficient Community Project Support, Local Community Meetings and Events, Community Volunteering, Carbon Reduction, Upskilling Staff and/or Local Residents, Supply Chain Initiatives, Job Creation, Educational Engagement, Local Sponsorship, and Foodbank Donation. Alternatively, Community Benefits Points can be "banked" with Scotland Excel to be used to provide benefits throughout Scotland.
- 4.5 The addresses of the Council properties and private properties in mixed-tenure blocks to be upgraded are detailed in Appendix 1.

4.6 Dundee City Council officers are working with SCARF to maximise the funding that will be available to owners of properties that they may take advantage of some, or all the upgrades on offer. Any contract will be between owners and the Contractor, with Dundee City Council having no responsibility.

5. SOURCING STRATEGY SUMMARY

5.1 The framework has a very specific route to market: Capability & Capacity Enquiry followed by a mini competition between those Contractors best aligned with the project outcomes.

5.2 The expected benefits from this contract and the wider EWI project include: improvements in the quality of the built environment; protecting communities against the threat of climate change; increasing the value of housing assets; reducing the maintenance costs of housing assets; reducing heating costs to tenants and owners, reducing the instances of fuel poverty and the associated impacts on tenants' mental and physical health and improving tenants' satisfaction with their homes and their neighbourhood.

6. RISK ANALYSIS

6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Sourcing Strategy Key Risk Table

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	The contract will be the subject of a mini-competition between those Framework Contractors qualified to install the system.
Technical Risk – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	The installation will be designed to comply with PAS 2035, and several of the framework contractors have the relevant experience to install the system.
Performance Risk – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	The ability of the supplier to perform the service is a pre-requisite of inclusion in the Framework.
Contractual Risk – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and avoiding reliance on the contracted supplier as the contract develops.	The suppliers continued presence on the Framework and future income stream is dependent upon their performance.
Procurement Risk – where a procurement is found unsound in law, through the public procurement rules.	Appointment through the framework is a compliant procurement route. Risk is further mitigated by following the appointment

	procedures laid down in the framework guidance.
--	---

7. POLICY IMPLICATIONS

7.1 This report has been subject to the pre-IIA screening tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an integrated impact assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATIONS

8.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its contents.

9. BACKGROUND PAPERS

9.1 None.

Tony Boyle
Executive Director of Neighbourhood Services

Robin Presswood
Executive Director of City Development

Author:
Olga Clayton
Interim Head of Housing & Construction

Neil Martin
Head of Design & Property

25 April 2024

Addresses of the Council Properties and Private Properties in Mixed-Tenure Blocks to be Upgraded

Alloway Terrace (odd) - 7, 9, 11, 13, 15, 23, 25, 27, 29, 35, 37, 39, 41, 47, 71, 75, 77, 81,

Alloway Terrace (even) - 6, 8, 10, 12, 32, 38, 46, 48, 50, 52, 54, 56, 58, 66, 72, 74, 80

Armour Place – 2

Ballochmyle Drive – 4, 8

Birks Terrace – 6, 10, 14

Blacklock Crescent – 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 14, 19, 21, 25, 28, 31, 33, 34, 36, 37, 38, 41, 44, 48, 49, 51, 53, 54, 56, 57, 58, 59, 60, 61, 63, 64, 65, 69, 71, 73, 75, 77, 79, 81, 83, 93, 95, 97, 99, 105, 107, 109, 111

Doon Terrace – 1, 3, 13

Fountainbleau Drive – 2, 6, 10, 20, 22, 26, 50, 56, 62, 66, 72, 76, 78, 80, 82, 84, 86, 90, 92,

Glenconnor Drive – 2, 4, 6, 8, 10, 12, 14, 15, 17, 18, 19, 21, 23, 27, 29, 30, 32, 36, 37, 38, 39, 40, 42, 43, 45, 46, 47, 52, 54

Lomond Place – 1, 3, 5, 7, 9, 11, 13, 15

Mossgiel Crescent – 2, 4, 5, 6, 8, 9, 10, 11, 14, 16, 17, 18, 19, 21, 25, 27, 28, 29, 30, 31, 32, 33, 35, 36, 37, 38, 39, 40, 41, 42, 44, 49, 51, 53, 55, 57, 61, 65, 69, 71, 77, 81, 83

Mossgiel Place – 2, 3, 4, 6, 7, 8, 9, 10, 16, 21, 22, 23, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 46, 48, 52, 54, 56, 58, 60, 64, 66, 68, 70, 76

Pitkerro Drive – 3, 6, 7, 9, 11, 14, 15, 16, 17, 18, 20, 22, 24, 30, 31, 32, 38, 40, 42, 47, 44, 39, 41, 43, 45, 54, 55, 57, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 76, 78, 79, 81, 88, 89, 90, 92, 96, 98, 104, 106, 110, 112, 118, 122, 124, 128, 130, 134, 136, 138, 140, 142

Riddell Terrace – 1, 2, 5, 6, 8, 11, 12,

Rowantree Crescent – 6, 10, 14, 32, 34, 36, 38, 40, 42, 44, 46, 48

This page is intentionally left blank