

**ITEM No ...3.....**

**REPORT TO:** NEIGHBOURHOOD REGENERATION, HOUSING AND ESTATE  
MANAGEMENT COMMITTEE – 4 SEPTEMBER 2023

**REPORT ON:** EXTERNAL WALL INSULATION – GLENPROSEN, LAWTON AND  
LINLATHEN PHASE 1

**REPORT BY:** EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES

**REPORT NO:** 238-2023

**1. PURPOSE OF REPORT**

The purpose of this report is to provide information regarding the development of a sourcing strategy and seek approval for the above phase of the energy efficiency project as part of the HRA Capital Plan 2023-28 – Tackle Climate Change and reach Net Zero carbon emissions by 2045.

**2. RECOMMENDATION**

2.1 It is recommended that the Committee:

- Approves the use of the Procurement for Housing Framework Agreement ‘Renewables and Energy Efficiency Works and Associated Consultancy Services - Lot 1F (Insulation)’ to procure External Wall Insulation works for Dundee City Council via Direct Call Off to SSE-OVO Solutions for Glenprosen and Lawton Development and Linlathen Phase 1 Development.
- Approves the projects noted below and the indicative costs:

<b>Development</b>	<b>No of Properties</b>	<b>EES-ABS</b>	<b>Council Contribution</b>	<b>Contractor Contribution</b>	<b>Total Cost</b>
<b>External Wall Insulation</b>					
Lawton and Glenprosen	356	£2,905,781	£1,408,479.	£203,024	£4,517,284
Linlathen Phase 1	108	£76,500	£3,820,942	£217,962	£4,115,404
<b>Totals</b>	<b>464</b>	<b>£2,982,281</b>	<b>£5,229,421</b>	<b>£420,986</b>	<b>£8,632,688</b>

**3 FINANCIAL IMPLICATIONS**

- 3.1 The Executive Director of Corporate Services has confirmed that funding is available to cover the Council’s contribution within the Capital Plan 2023-28 – Tackle Climate Change and reach Net Zero Emissions by 2045 - Housing HRA Element - Energy Efficient.
- 3.2 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.
- 3.3 Any material deviation from this sum, resulting from the tender process that is above the amount allowed for including contingencies, will require further approval from this Committee, prior to the work being awarded.

#### 4. DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 These projects comprise a total of 464 properties of mixed tenure and is broken down as follows:

Development	Total Properties	DCC Tenants	Private Owned	Private Rented Sector
Glenprosen and Lawton	356	111	202	43
Linlathen Phase 1	108	98	8	2
<b>Total</b>	<b>464</b>	<b>209</b>	<b>210</b>	<b>45</b>

The contribution for the 209 council tenanted properties for EWI will be required from the HRA Capital Plan 2023-28 – Tackle Climate Change and reach Net Zero carbon emissions by 2045. The balance of funding will be met through the Energy Efficient Scotland – Area Based Scheme (EES: ABS) funding for 2023/24 and 2024/25 and contractor contribution.

In line with the Scottish Government grant funding conditions for EES: ABS, projects must be tendered by 30 September 2023 or else there is a risk to the Council in terms of losing the funding. In addition, grant funding is only payable up to 30 June 2024 and is payable based on the value of works completed by this date.

#### 5 SOURCING STRATEGY SUMMARY

5.1 In line with expert opinion and Government guidance on the most sustainable way of addressing fuel poverty, reducing fuel bills, increasing comfort levels, and thereby meeting Scottish Housing Quality Standards and Energy Efficiency Standards for Social Housing (ESSH) and reducing CO2 emissions, the Housing Service has concentrated on improving the thermal efficiency of the external envelope of buildings – the fabric first approach. This has largely been achieved through a programme of external wall insulation (EWI) at stock with solid walls or of non-traditional construction, at both houses and flats. Our ability to treat whole blocks of flats in mixed tenure has been made possible due to EES: ABS funding for private residents from the Scottish Government. Dundee City Council has worked in partnership with OVO-Energy Solutions since 2013 and has successfully delivered External Wall Insulation to over 5000 properties in the city.

5.2 Due to changes in standards and design, Dundee City Council have taken the opportunity to also review the procurement route for External Wall Insulation. Therefore, a sourcing strategy has been developed to review the procurement route and recommends that works are procured via Direct Call Off via the Procurement for Housing Framework Agreement 'Renewables and Energy Efficiency Works and Associated Consultancy Services - Lot 1F (Insulation) to SSE-OVO Solutions.

5.3 SSE-OVO Solutions are one of 5 suppliers on this framework. Procurement for Housing has developed this framework which is compliant with public procurement rules to onboard suppliers to the framework. The framework evaluated suppliers specifically on the following –

- Client Service levels
- Management and reporting of data to clients throughout projects.
- Escalation procedures
- Tenant engagement
- Innovation
- Contract management and delivery
- Value for money

Within this exercise, SSE-OVO Solutions scored 705/1000 during this process and is assessed top in terms of all areas meaning a direct call off can be awarded under the terms of the framework.

- 5.4 The framework agreement contains community benefit clauses which are relative to the value of the work and the Council area where the work is based and allows the Council to award the contracts to the contractor who has delivered previous EWI projects for the Council. In addition, Dundee City Council has sought a contractor contribution for the works which will support privately owned properties who do not qualify for EES: ABS funding.
- 5.5 Where the Council utilise a national or local framework to procure works, all tenderers that have been assigned to the relevant framework have previously been assessed on a qualitative and cost basis, ensuring a highly competitive benchmark is set for the framework supply chain.

## 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

Description of Risk	Actions to be taken to manage Risk
<b>Commercial Risk</b> – 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.	Tender costs will be scrutinised by technical council officers and any deviation from the projected costs must be demonstrated as part of the tendering process.
<b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	Dundee City Council technical officers will oversee the design in which is being procured and manage quality to ensure compliance through the delivery of the programme.
<b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Framework contains KPIs to allow performance management and contractual commitment. Dundee City Council Technical Officers will oversee contractor performance in line with agreed contract conditions.
<b>Contractual Risk</b> – Being able to remedy the shortcomings in the contractor’s performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Multi-supplier framework reduces the risks of reliance on single supplier. Only contractors who are certified to carry out the works will be passed and included in the framework. Evaluation has been carried out by Procurement for Housing for the suppliers on the framework. Programme delivery over the previous 10 years has demonstrated a successful partnership to support the installation of EWI to over 5000 properties.
<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules	Framework let by Procurement for Housing Framework is compliant with Public Procurement rules

7. **CONCLUSION**

- 7.1 In order to comply with the conditions of the external funding and ensure these works can be delivered as early as possible, it is recommended that approval is given to use the Procurement for Housing Framework Agreement 'Renewables and Energy Efficiency Works and Associated Consultancy Services - Lot 1F (Insulation)' Contractors framework, by directly awarding these works to SSE-OVO solutions up to the allocated budget as set out within this report.

8. **POLICY IMPLICATIONS**

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. **CONSULTATION**

- 9.1 The Council Leadership Team have been consulted in the preparation of this report and agree with the contents.

10 **BACKGROUND PAPERS**

- 10.1 Reference should be made to the previous tender report (227-220) Article IV of the Minute of Meeting of the Neighbourhood Services Committee of 28 September 2020 refers. This report replaces the previously agreed tenders awarded to SSE-OVO solutions due to a change in design and costs associated with the delivery of the programmes.

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**Head of Housing and Construction**

11 August 2023