ITEM No …2……

REPORT TO: **NEIGHBOURHOOD REGENERATION, HOUSING AND ESTATE MANAGEMENT COMMITTEE - 22 SEPTEMBER 2025**

REPORT ON: **TENDERS RECEIVED FOR LINLATHEN PHASE 1 - PROPOSED ENERGY EFFICIENCY MEASURES**

REPORT BY: **EXECUTIVE DIRECTOR OF CITY DEVELOPMENT AND EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES**

REPORT NO: **294-2025**

1 PURPOSE OF REPORT

1.1 This report details tenders received following Sourcing Strategy Report 128-2024 approved at the Neighbourhood Regeneration, Housing and Estate Management Committee on 13 May 2024 (Article III refers) and seeks approval on acceptance thereof.

2 RECOMMENDATION

2.1 It is recommended that Committee approve the acceptance of the tenders submitted by the undernoted contractor as set out in the report, with the total amount, including allowances detailed in Appendix 1.

3 SUMMARY OF PROJECTS TENDERED

3.1 Tenders have been received by the City Development Department in relation to the projects detailed below.

Architects Projects - Reference and Description	Contractor
23-524 – Linlathen Phase 1 – Proposed Energy Efficiency Measures	A C Whyte & Co Ltd

4 FINANCIAL IMPLICATIONS

4.1 The Executive Director of Corporate Services has confirmed these costs can be met from the approved Capital Plan 2025-2030. The costs of £9,952,523.32 will be funded in years 2025/2026 and 2026/2027 from the Tackling Climate Change – HRA Energy Efficiency section of the approved plan.

4.2 Any ongoing revenue costs associated to servicing and maintenance will require to be funded from within the Housing Revenue Account.

4.3 A grant application has been made to the Social Housing Net Zero Heat Fund. The original outcome was that the grant application was unsuccessful. Dundee City Council have since provided further information and a revised grant application for £3.5m to Scottish Government following this decision and requested that the Council's grant application be reconsidered. The Scottish Government have confirmed this will now be reconsidered, the outcome of the application will therefore be advised to members in due course.

5 BACKGROUND

5.1 Scottish Government introduced the Scottish Housing Quality Standard (SHQS) in 2004 at which point Dundee City Council properties were deemed to be compliant.

5.2 In 2014, prior to the SHQS compliance deadline of 2015, the Energy Efficiency Standard for Social Housing (EESSH) was introduced. EESSH builds upon the SHQS, focusing specifically on improving energy efficiency in social housing.

5.3 At this time, it was identified that the properties which have an Energy Performance Certificate (EPC) rating of D and E would not meet the requirements of EESSH. As the properties within Linlathen were also identified as hard to treat (Solid Cedar) it was acknowledged that a typical market solution of adhered External Wall Insulation (EWI) may not be suitable

5.4 Prior to the EESSH statutory compliance deadline of December 2020 the City Engineers were appointed by the Housing Service to develop a report to determine risks around the use of the typical market solution of adhered EWI and its suitability for this specific property type. This confirmed in February 2020 that there was a lack of affordable and viable solutions to improve built performance of the 304 Linlathen social rented properties built of solid cedar construction.

5.5 As no solution was readily available, and the properties would fail to meet both SHQS and EESSH at the statutory deadline, a dispensation was agreed and the properties were marked as in abeyance at the Charter return up to 2023-2024.

5.6 Over the course of 2020 the City Engineers carried out investigations into viable solutions and prior involvement with Structural EWI on Orlit properties (Dryburgh), which led to consideration of this approach to the Solid Cedar properties. Significant engagement between City Engineer and Structherm (system supplier) along with further intrusive investigation, site testing and detailed computational analysis demonstrated that the Structherm Structural EWI system could be satisfactorily attached and supported by the Solid Cedar external fabric mitigating the issues raised in the initial reporting.

5.7 Structherm's computational analysis and testing was undertaken in conjunction with Loughborough University to ensure that wind and gravity load paths were compatible with the Solid Cedar properties. On receipt of the Loughborough/Structherm reporting, this was design reviewed by City Engineer as accepted in December 2020.

5.8 Report 227-2020, External Wall Insulation – Home Energy Efficiency Programme for Scotland 2020/2021 Programme was reported to the Neighbourhood Services Committee on the 28 September 2020 (Article IV refers) which sought approval for the external wall insulation programme for Linlathen Phase 1. Although this was agreed, installation was delayed by Covid-19 restrictions and new PAS 2035 requirements. After restrictions eased, an updated tender was reported to the Neighbourhood Regeneration, Housing and Estate Management Committee on 4 September 2023 (Report 238-2023 Article III refers). The original installers subsequently left the market, requiring Dundee City Council to revisit the programme, design, and procurement process, resulting in further delays for the Linlathen retrofit programme.

5.9 A best value exercise was undertaken, and it was agreed by the Housing Service to revisit the sourcing strategy and develop an alternate route to market utilising a mini tender option.

5.10 Sourcing Strategy Report 128-2024 was approved on 13 May 2024 which detailed the introduction of multi elements including EWI, under floor and attic insulation, window and door upgrades, installation of PV/battery and roof replacement to progress to market utilising Scotland Excel Framework for Energy Efficiency Contractors.

5.11 Post approval of the sourcing strategy 128-2024 technical proposals were developed prior to a mini competition exercise being carried out via the Scotland Excel Energy efficiency Framework. The responses received were reviewed for both cost and quality prior to the preparation of the tender recommendation as attached at Appendix 1.

5.12 An analysis was then undertaken to demonstrate that the preferred bidder, in addition to providing best value financially, performed well in relation to key project deliverable objectives (Fuel Poverty, Environment, Health, Community & Carbon Footprint). This was compared to other available options detailed below:

a Option 1- do nothing;

b Option 2 - demolish the existing building stock and build new energy efficient housing; or

c Option 3 - consider multiple Retrofit options to improve energy efficiency to current standards which included the following options.

Option 3a	External Wall insulation and associated works
Option 3b	Plus Window and Door Replacements
Option 3c	Fabric First - plus floor Insulation, underfloor ventilation and attic insulation
Option 3d	Plus Solar PV and Battery Storage (excluding flats)

5.13 The linlathen properties were originally erected in the 1930s in response to the housing crisis pre second world war. Whilst some degree of intervention has been undertaken to replace elements of the buildings with shorter life cycles such as windows and doors, there has been no major intervention and upgrading of the building fabric in the 90 plus years these have served as social housing.

5.14 As the works proposed in option 3 constitute a major intervention that greatly improves the lifespan and energy performance of the properties, consideration has been given to the energy improvements in relation to the overall cost and how this relates to best value delivery for the occupants and the Housing Revenue Account.

Option		Cost (Unit Average)	Performance Improvement	EPC increase	Value[4]	Life Cycle[5]
1	Do Nothing	£52,000.00	none	3[3]	£17,334	unchanged
2	Demolish and Rebuild	£345,000> £410,000[1]	Dor E[2] to A or B	35	£9,500> £11,500 [1]	50+years
3	Retrofit the existing housing stock	£82,000.00	Dor E[2] to B	30	£2,734	50+years

[1] range dependant on ground conditions

[2] Current unit EPC performance

[3] upgrade to triple glazing in general cycle

[4] per point of EPC improvement

[5] dependant on ongoing maintenance and life cycle replacement of elements beyond benchmarking

5.15 Taking into consideration all of the foregoing, including the risk factors associated with the property types, the potentially transformative impact the project could have on vulnerable tenants, the life cycle extension of the existing properties and the alignment of the project with national, local and strategic objectives. It was recommended that Option 3d (Fabric First measures plus Solar PV and battery) be approved to proceed.

6 POVERTY AND HOUSING INEQUALITY IN LINLATHEN

6.1 Linlathen is recognised as one of Dundee's most deprived communities, with residents experiencing persistent poverty, inequality, and associated challenges. These include limited access to quality housing, rising living costs, and disproportionately high levels of fuel poverty. According to the Scottish Index of Multiple Deprivation (SIMD) 2020 Version 2, several data zones within Linlathen fall within the 5% most deprived areas in Scotland, with others ranked within the 10–20% most deprived nationally. This places Linlathen among the areas facing the most acute socio-economic challenges in Dundee.

6.2 Engagement undertaken through the Dundee Fairness Leadership Panel and the Linlathen Pathfinder initiative has provided valuable insight into the lived experiences of residents. These programmes have facilitated direct dialogue with the community, enabling officers to better understand the barriers faced by local people and to identify priority areas for intervention.

6.3 A key theme emerging from this engagement is the condition of the existing housing stock in Linlathen. Many properties are no longer fit for purpose, with poor insulation and inefficient heating systems contributing to elevated levels of fuel poverty. National estimates suggest that over 25% of households in deprived areas of Dundee experience fuel poverty, with Linlathen likely exceeding this average due to the age and condition of its housing. This has a direct impact on residents' health and wellbeing, particularly during colder months.

6.4 While Linlathen faces significant socio-economic challenges, it is important to acknowledge the strong sense of community and resilience that exists within the area. Residents consistently demonstrate a commitment to supporting one another and improving their neighbourhood, as evidenced through their active participation in local initiatives such as the Linlathen Pathfinder and Fairness Leadership engagement. From a housing perspective, demand for accommodation in Linlathen remains high, reflecting both the community ties and the affordability of the area. The table below demonstrates this demand as of July 2025, in respect of applicants on the housing list looking to move to the Linlathen area. This ongoing demand highlights the importance of maintaining and investing in the existing housing stock to ensure it remains safe, energy-efficient, and suitable for current and future residents.

Demand For Linlathen

	Cottage	**Flat**
1 bed	1,037	1,027
2 bed	409	317
3 bed	406	228
4 bed	184	N/A
5 bed	42	N/A

6.5 The findings from the Fairness Leadership and Pathfinder work provide a strong evidence base to inform strategic planning and investment decisions. These insights have been factored into the development of this housing improvement programme.

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.

9 BACKGROUND PAPERS

9.1 None.

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Executive Director of Neighbourhood Services

Dundee City Council
Dundee House
Dundee

RP/TB/AW/LB/KM 12 September 2025

APPENDIX 1

PROJECT	Linlathen Phase 1 – Proposed Energy Efficiency Measures
PROJECT NUMBER	23-524
PROJECT INFORMATION	The works comprise various energy efficiency measures to improve the condition of the existing 121 Nr properties within Phase 1, comprising new external wall insulation and associated works, replacement windows and doors, roof insulation and flat roof replacement. Other works include floor insulation, ventilation works, roof tile replacement works and PV panel installation with battery storage.
ESTIMATED START AND COMPLETION DATES	November 2025 August 2026
TOTAL COST	Contract £8,520,523.32 Non contract allowances £750,000.00 Fees £682,000.00 Total £9,952,523.32
FUNDING SOURCE	Tackle Climate Change - Housing HRA Element Energy Efficiency of the Capital Plan 2025 - 2030
BUDGET PROVISION & PHASING	2025/2026 £3,500,000 2026/2027 £6,452,523.32
ADDITIONAL FUNDING	Pending review of the application to SHNZF
REVENUE IMPLICATIONS	None.
POLICY IMPLICATIONS	There are no major issues.
TENDERS	5Nr Tenders were received, 2Nr being non-compliant.

Contractor	**Submitted Tender**	**Corrected Tender**	**Quality Ranking**	**Cost/Quality Ranking**
AC Whyte	£8,514,879.57	£8,520,523.32	1	1
IRS (Scotland) Ltd	£10,264,663.54	-	2	2
Procast	£10,487,248.25	-	3	3

RECOMMENDATION	To accept the tender with highest score for cost and quality from AC Whyte & Co Ltd
SUB-CONTRACTORS	Electrical, Ventilation and Solar PV – MTC Electrical, Kilmarnock Scaffolding – IAS Scaffolding, Dundee Window & Door Replacements – Walker Profiles Ltd, Motherwell Loft Insulation – FibreGlo Insulations Ltd, Cumbernauld Floor Insulation – Q-Bot Limited, Cheltenham
BACKGROUND PAPERS	None.