

**Committee:** Scrutiny Committee

**Title:** Contract Award to Equans to carry out Decarbonisation works -Phase 1

**Portfolio Holder:** Cllr Arthur Coote  
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## Summary

1. This report provides the background detail for the contract award to Equans for the delivery of Phase 1 of our Social Housing Decarbonisation Fund (SHDF) Wave 2.2 project.
2. Uttlesford District Council (UDC) has secured SHDF funding to implement a comprehensive programme of retrofitted measures across selected residential properties within our housing stock. The primary objective is to increase energy efficiency, reduce carbon emissions, and ensure each property achieves a minimum Energy Performance Certificate (EPC) rating of C.
3. Given the stringent timelines imposed by SHDF to deliver the project, UDC have strategically utilised the Fusion 21 Decarbonisation Framework, employing a direct award with negotiation procedure to ensure timely project commencement and completion.
4. The contract with Equans encompasses Phase 1 only, involving the retrofit of 184 properties over a 12-month period, with an estimated value of £5.1 million. The scope includes a range of energy efficiency measures tailored to each property's needs.
5. Phase 2 covering the remaining 92 homes is not covered by this award and will be delivered via our new Repairs and Maintenance (R&M) contractor, which is currently undergoing a separate procurement process.
6. Throughout this process, UDC has been assisted by Savills, a sector-leading affordable housing consultancy. Their expertise has been invaluable in the procurement exercise, as well as in the preceding stages of the project.

## Recommendations

8. Scrutiny Committee is requested to provide comment and feedback to Cabinet on the following proposals:
  - i. Members review and provide feedback on the award of the Phase 1 SHDF decarbonisation contract to Equans, recognising their expertise in delivering large-scale retrofit projects.
  - ii. Members note that Phase 2 will be integrated into the scope of work for the new R&M contractor, ensuring continuity and efficiency in our overall housing improvement strategy.
  - iii. Members acknowledge the strategic use of the Fusion 21 Decarbonisation Framework as the most appropriate procurement route given the SHDF timelines and project requirements.
  - iv. Members note that Equans, ranked second on the framework, was selected after Vinci (ranked first) voluntarily withdrew from consideration.
  - v. Members note the use of the ACA Standard Form of Contract for Project Partnering (PPC 2000, amended 2013) as the contractual basis for this project.

## Financial Implications

14. The estimated value of Phase 1 is £5.1 million, to be funded through a combination of the SHDF grant and the Housing Revenue Account. The UDC funding element is sourced via HRA Capital Works budget this is already accounted for within both the delivery and financial modelling. The funding split is as follows:

SDHF Funding	£3.8m
UDC Funding	£1.3m
Total	£5.1M

The contract includes provisions for value engineering and cost control measures to ensure optimal use of resources while maintaining quality standards.

## Impact

Communication Consultation	<p>A comprehensive stakeholder engagement plan has been developed, including</p> <ul style="list-style-type: none"><li>● Regular updates to all affected residents through various communication channels</li><li>● A dedicated project helpline for resident queries and a RLO working on the project</li></ul>
Community Safety	<p>While no significant direct impacts on community safety have been identified, the improved housing conditions may contribute to overall community well-being.</p>
Equalities	<p>An Equality Impact Assessment has been conducted, ensuring the project does not disproportionately affect any protected groups. The retrofitting programme will particularly benefit vulnerable residents by improving their living conditions and reducing energy costs</p>
Health and Safety	<p>The contract includes robust health and safety provisions, including:</p> <ul style="list-style-type: none"><li>● Adherence to all relevant building and safety regulations</li><li>● Regular safety audits and inspections</li><li>● Comprehensive risk assessments for each property</li><li>● Strict protocols for working in occupied homes</li><li>● Specific measures to address potential issues such as asbestos management</li></ul>

<p>Human Rights/Legal Implications</p>	<p>The contract complies with all relevant housing and safety regulations, including:</p> <ul style="list-style-type: none"> <li>● The Social Housing Regulation Act 2023</li> <li>● The Building Safety Act 2022</li> <li>● The Homes (Fitness for Human Habitation) Act 2018 Legal counsel has reviewed the contract to ensure full compliance and protection of the Council's interests</li> </ul>
<p>Sustainability</p>	<p>This project directly contributes to the Council's decarbonisation goals and aligns with:</p> <ul style="list-style-type: none"> <li>● The UK's legally binding target to achieve net zero carbon emissions by 2050</li> <li>● The Council's Climate Change Action Plan</li> </ul> <p>The requirements of the Social Housing Decarbonisation Fund</p>
<p>Ward-specific impacts</p>	<p>Multiple wards within the Council housing's stock will benefit from this project. A detailed breakdown of properties by ward is attached</p>
<p>Workforce/Workplace</p>	<p>Additionally, this project has enhanced UDC's capacity through collaboration with Savills, providing valuable knowledge transfer in areas such as stock assessment, energy efficiency planning, and procurement best practices.</p> <p>Through SHDF project we will be changing the EPC ratings to 276 properties and will have data available to target another 600 properties on changing energy efficiencies</p>

**Situation**

**Background**

17. UDC has successfully secured funding under Wave 2.2 of the SHDF to implement a comprehensive energy efficiency retrofit programme across our housing stock
18. The total project scope encompasses 276 homes, with Phase 1 covering 184 properties. The properties have been selected based on their current EPC ratings and potential for improvement, as identified through detailed stock condition surveys conducted with the assistance of Savills.
19. Given the challenging timelines imposed by SHDF, we strategically utilised the Fusion 21 Decarbonisation Framework, which allowed for a direct award with negotiation procedure. This approach ensured we could meet the project deadlines while still adhering to procurement regulations and ensuring value for money.
20. Equans, ranked second on the framework, was selected after Vinci (ranked first) voluntarily withdrew from consideration. Equans has demonstrated extensive experience in delivering similar large-scale retrofit projects for other local authorities.
21. The contract will use the ACA Standard Form of Contract for Project Partnering (PPC 2000, amended 2013). This partnering approach will foster collaboration and allow for efficient decision-making throughout the project lifecycle.
22. The project is expected to deliver significant environmental benefits, including:
  - Reduction in energy consumption: 3,096,900 kWh/yr
  - Decrease in carbon emissions: 1,026,778 Kg CO2 per annum
  - Improvement in average EPC rating from E to D&C on the 276 properties.
23. Savills, a sector-leading affordable housing consultancy, has been instrumental in supporting UDC throughout this project. Their involvement includes:
  - Conducting comprehensive stock condition surveys
  - Assisting in the preparation of the original SHDF grant bid
  - Carrying out detailed assessments of property needs to improve the performance of our housing stock
  - Providing expert advice and support throughout the procurement exercise Their expertise has been crucial in ensuring the project's alignment with best practices and maximising its potential impact.
  - Providing additional support on the procurement of the contract assisting with evaluations of the submitted financial and technical documentation

## **Technical Specifications**

24. The retrofit programme will include a range of measures tailored to each property's needs, including but not limited to:

- External wall insulation
- Loft insulation
- Floor insulation
- Double or triple glazing upgrades
- Installation of air source heat pumps
- Solar PV panels
- Smart heating controls
- LED lighting
- Mechanical ventilation with heat recovery (MVHR) systems

25. All installations will comply with PAS 2035:2019 standards for retrofitting dwellings for improved energy efficiency.

26. The project will utilise a 'fabric first' approach, prioritising improvements to the building envelope before considering heating system upgrades.

27. A detailed survey of each property will be conducted to determine the most appropriate and cost-effective measures.

28. The contract includes provisions for ongoing monitoring and evaluation of the installed measures to ensure they deliver the projected energy savings.

### **Options evaluation**

29. The Fusion 21 Decarbonisation Framework was chosen due to its specific focus on decarbonisation projects and its pre-vetted list of qualified contractors.

30. Direct award with negotiation allows for efficient procurement while ensuring value for money through open-book accounting and target cost contracts.

31. Alternative procurement routes were considered but discounted due to time constraints and the specialised nature of the work. These included:

- Open tender: Discounted due to time constraints
- Restricted procedure: Discounted due to the two-stage process being too lengthy
- Competitive dialogue: Discounted as the project requirements were sufficiently clear

32. The decision-making process was further informed by Savills' expertise in the affordable housing sector and their in-depth knowledge of UDC's housing stock, ensuring that the chosen procurement route and contractor are optimally suited to the project's specific requirements.

## **Next steps**

33. Upon approval, we will proceed with contract finalisation and mobilisation. Key milestones include:

- Contract signing: - subject to Cabinet approval
- Mobilisation period: Mid-August – 30<sup>th</sup> September
- Commencement of works: Mid-September 2024
- Projected completion: 30th July 2025

34. Regular updates will be provided to Cabinet on project progress, including:

- Monthly progress reports
- Quarterly financial reviews
- Bi-annual resident satisfaction surveys

35. A robust contract management plan has been developed to ensure effective oversight and timely completion of the project.

36. Savills will continue to provide support and expertise throughout the project implementation phase, including:

- Ongoing technical advice
- Quality assurance and compliance monitoring
- Performance evaluation and reporting

## **Appendices**

- Appendix A: Detailed project scope and property list
- Appendix B: Financial projections and cost-benefit analysis
- Appendix C: Risk register and mitigation strategies