

APPENDIX A

BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, JANE THOMAS DIRECTOR ADULTS, HOUSING & COMMUNITIES AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

CABINET MEETING: 23 MARCH 2023

ENERGY EFFICIENCY RETROFIT SCHEME OF MIXED TENURE UNIMPROVED BISF PROPERTIES IN LLANDAFF NORTH AND RUMNEY

HOUSING AND COMMUNITIES (COUNCILLOR LYNDA THORNE)

AGENDA ITEM: 11

REASON FOR THIS REPORT

1. To agree the approach to deliver a mixed tenure energy efficiency retrofit scheme to unimproved British Iron and Steel Federation (BISF) properties in Llandaff North and Rumney (up to 252 properties)
2. To approve the commissioning strategy and proposed procurement model and arrangement for the scheme.
3. Delegate the commencement of procurement for the scheme manager/contractor to the officer/s as referred to in recommendation 2.

BACKGROUND

4. The Welsh Government (WG) funded Arbed schemes have been improving the energy efficiency of Welsh homes since 2009. They are neighbourhood-based schemes aimed at areas of deprivation where households are likely to be in fuel poverty and can cover all tenures of housing.
5. One Planet Cardiff, the Council's climate change strategy, identifies that housing is a significant contributor to the city's carbon emissions, and

APPENDIX A

includes a commitment to facilitate the improvement of the energy performance of all tenures of the city's housing.

Previous Arbed schemes

6. From 2009 to 2021 Cardiff Council submitted successful bids and the following schemes were completed utilising Arbed funding:
 - Arbed 1: Caerau British Iron and Steel Federation (BISF) external wall insulation (EWI)
 - Arbed 2: Brynfedw external wall insulation (EWI) (2 schemes) and Trowbridge external wall insulation (EWI) (3 schemes)
 - Arbed 3: Grangetown solar power and central heating retrofit scheme.

BISF scheme in Llandaff North and Rumney

7. BISF properties are a steel framed non-traditional build type which is classed as both 'hard to treat' and 'hard to heat'. They are thermally inefficient and costly for residents with regards to fuel bills.
8. Cardiff has BISF properties in three areas of the city – Caerau, Llandaff North and Rumney. The properties in Caerau have been improved using previous Arbed funding to install external wall insulation (EWI). These improvements helped lift residents out of fuel poverty and increased the energy performance of the properties.
9. Many residents in the remaining unimproved properties are in, or at risk of, fuel poverty due to their low-income levels combined with this 'hard to heat' property build type. Llandaff North and Rumney wards are in some of the most deprived areas in the city according to the Welsh Index of Multiple Deprivation. Many private residents are unable to fund improvements themselves.
10. A 2007 report on Cardiff's BISF housing undertaken by Cardiff University's Welsh School of Architecture supports external wall insulation (EWI) as the primary retrofit measure to improve the thermal efficiency of these properties. Additional input and advice from the British Research Establishment (BRE) to Welsh Government (WG) in recent years has confirmed that external wall insulation (EWI) is the only viable measure to retrofit BISF properties from an energy efficiency perspective.
11. The Council has been seeking funding to install external wall insulation (EWI) to the remaining unimproved BISF properties in Llandaff North and Rumney for several years.
12. Therefore, Cardiff Council put forward a potential scheme to Welsh Government (WG) (to be delivered by their Scheme Manager, Arbed am Byth) under the Arbed 3 scheme to install external wall insulation (EWI) to the remaining unimproved BISF properties (252) in Cardiff in Llandaff North and Rumney. The proposal was for Welsh Government

APPENDIX A

(WG) to fund the private tenure homes (152) and Cardiff Council to fund the Council homes (100) in a holistic mixed tenure scheme.

ISSUES

Arbed 3 scheme closure and subsequent scheme progression

13. The Welsh Government (WG) Arbed 3 scheme ended in November 2021. A decision to proceed with the BISF scheme was not agreed by this time.
14. Since the closure of the Arbed 3 scheme Cardiff Council has been working with Welsh Government (WG) to develop a viable scheme, in which Cardiff Council would deliver a mixed tenure scheme and Welsh Government (WG) would provide a grant to the Council for the private tenure properties in the scheme. The Council would then fund the works to their own housing stock through the Housing Revenue Account.
15. Following the closure of the Arbed 3 scheme a new grant application was submitted to Welsh Government (WG) for the BISF scheme on the above basis and an Agreement in Principle (AIP) was issued by the Welsh Government in February 2022 to indicate their support for the scheme proposed.
16. A detailed business case with updated increased costings was requested by Welsh Government (WG) as part of the grant application process. This was submitted to Welsh Government (WG) in May 2022 with additional information requested and submitted later that month. A draft offer letter was finally received in January 2023.

Costings

17. The estimated cost of capital works has been calculated as follows:
 - £4.224m to upgrade the private tenure properties with external wall insulation (EWI) (152 properties)
 - £0.425m to insulate ceilings in the private tenure properties (152 properties)
 - £2.779 to upgrade the Council properties with external wall insulation (EWI) (100 properties)
 - Total £7.428m mixed tenure scheme to be procured.
18. Due to the current fluctuations of pricing in the construction industry we will not know the true cost of works until we undertake a procurement exercise. Given these uncertainties Welsh Government (WG) have agreed to reconsider the grant details should costs come in higher than the current grant offer.
19. In the unlikely event that the grant is fully spent before the scheme is completed, the scheme will be paused, and further suitable funding will be sought to complete the remaining properties.

APPENDIX A

Funding arrangement

20. A draft grant offer was received from Welsh Government (WG) in January 2023 for capital works amounting to £4.649m to retrofit up to 152 private tenure BISF properties in Llandaff North and Rumney as part of a mixed tenure scheme to be delivered by the Council. The draft grant letter also included £0.140m revenue funding for staff costs to deliver the scheme. This gives a total capital and revenue grant offer of £4.789m.
21. The Housing Revenue Account will fund the 100 council properties within the scheme. There is provision in the approved capital budget of £750k in 2023/24, £2m in 2024/25 and a further £1.750m in 2025/26 to undertake this work. This budget allocation should adequately cover the costs of the council properties and funding can be drawn earlier, if necessary, as the scheme progresses.
22. The external wall insulation (EWI) is specified as a mineral wool system with a 25-year guarantee and is naturally non-combustible with the best A1 classification. This is without sacrificing high levels of thermal and acoustic performance and contributing to better indoor air quality.
23. Funding will be claimed from Welsh Government (WG) quarterly in arrears on completion of works.

Scheme procurement

24. Welsh Government (WG) have recommended that a single scheme manager/Contractor is appointed to deliver the scheme, but if necessary due to market forces will allow different scheme managers/Contractors on the two geographic areas (Llandaff North and Rumney).
25. It is proposed to utilise the Framework For Planned Works To Domestic Properties to procure a scheme manager/s. Should no contractors on the framework be able to take on the volume of work within Welsh Government (WG) grant timescales then the United Kingdom (UK) Procurement for Housing Framework will be utilised. The administrators or the Procurement for Housing Framework are of the opinion that there would be interest in the scheme from contractors on the framework as they have recently offered similar projects through the framework and sufficient bids have been received. The tender will specify local installers in order to stimulate the local economy, maximise community benefits and upskill the local workforce in 'green skills.'
26. As the total scheme cost is above the £5 million procurement threshold Cabinet approval is required to proceed with the procurement.

Scheme delivery

27. The scheme will be managed by the Council's Building Improvement Planned Maintenance Team. The team will have dedicated officers to

APPENDIX A

oversee the contract who will visit both sites regularly to inspect that works are on schedule and to standard.

28. An external Retrofit Coordinator will be assigned to the project to ensure the competency and work quality of contractors and their adherence to the desired design and product specifications. The Retrofit Coordinator will also register the scheme with Trust Mark (Government endorsed quality scheme) and “sign off” properties within the scheme as there are completed.
29. The Welsh Government (WG) grant covers the financial years 2022/23, 2023/24, 2024/25.
30. Due to the nature of external wall insulation (EWI) installations work may slow down during the winter months depending on air temperature and rainfall. The proposed timetable is:
 - Winter / spring 2023: Procurement process to engage Scheme Manager/s including Retrofit Coordinator
 - Spring 2023 – summer 2023: Resident engagement, property surveys, resident sign up, site compounds set up, initial start-up of works
 - Autumn 2023 – winter 2024: Ongoing installation works as weather permits but more focus on customer satisfaction surveys / sign off for properties, engagement / surveys / sign up for any properties not done in previous year
 - Spring 2024 – autumn 2024: Ongoing installation works
 - Autumn 2024 – spring 2025: Ongoing install works, customer satisfaction surveys / sign off / scheme closure

Local Member consultation

31. Local ward members have been informed and are keen for the scheme to progress.

Reason for Recommendations

32. To improve the energy efficiency and thermal comfort of up to 252 mixed tenures unimproved BISF properties.

Financial Implications

33. Subject to the outcome of a procurement exercise, funding is available from a Welsh Government Grant award and the Housing Revenue Account Capital Programme towards the estimated costs of the works proposed. Any expenditure should be in accordance with the terms and conditions of the grant. In addition, grant funding is available towards the revenue costs of operating and co-ordinating the delivery of the scheme. Grant funding is only available until 31 March 2025. Resources and skills required to deliver the scheme in that timeframe and maximise grant funding need to be considered as part the delivery plan. Close project monitoring should be undertaken to ensure monitoring of

APPENDIX A

costs, any variations and timescales. Where insufficient funding exists, numbers of units undertaken may need to be curtailed until additional approved budget is in place.

Legal Implications

34. These legal implications deal solely with the recommendation with regards procurement of a scheme manager/contractor as well as general procurement implications. It is understood that any procurement will be via a framework agreement, the detail of which will be set out in the delegated report referred to in recommendation 2. Any procurement via a framework must be carried out in accordance with the process set out in the framework Agreement. The client department, under the contract procedure rules, is required to consult with procurement with regards choice of framework. Further legal and procurement advice should be sought as to the framework agreement, procurement and its terms and conditions including provision of work to private properties. Any terms and conditions should cover any potential obligations/liabilities the Council may have to third parties. It should be noted that the terms and conditions will be those as set down by the framework Agreement and the client department should satisfied themselves as to whether they are suitable for their requirements prior to commencing tender.
35. Any further legal implications will be set out in the delegated report referred to in recommendation 2.
36. With regards the appointment of the retrofit co-ordinator, this should be done in accordance with the Council's Contract procedure rules and governance procedures. Further legal and procurement advice should be sought as and when necessary.

Equality Duty

37. In considering this matter, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). This means the Council must give due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

Well-Being of Future Generations (Wales) Act 2015 - Standard legal imps

38. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

APPENDIX A

39. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2022-25. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
40. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
 - Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
41. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

General

42. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to the Council. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Council Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.
43. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

APPENDIX A

44. The report makes reference to grant and accordingly, the client department should satisfy itself with regards to the terms and conditions of the grant letter and that any procurement and work is carried out in accordance with the grant terms and conditions.

HR Implications

45. There are no HR implications arising directly from this report.

Property Implications

46. The property implications are set out in the body of the report. It will be important to undertake appropriate due diligence in regards to contractor selection, to ensure implementation is undertaken in line with agreed quality standards and affordability.

RECOMMENDATIONS

Cabinet is recommended to:

47. Approve the commissioning strategy and proposed procurement models and arrangements for the mixed tenure energy efficiency retrofit scheme to unimproved British Iron and Steel Federation (BISF) properties in Llandaff North and Rumney (up to 252 properties)
48. Delegate authority to the Director, Adults, Housing & Communities, in consultation with the portfolio member for Housing and Communities and the Corporate Director, Resources and Director Governance and Legal Services, to deal with all aspects of the procurement relating to the energy efficiency retrofit scheme to unimproved BISF properties in Llandaff North and Rumney, including further development, choice of framework (if necessary) and setting of the contract evaluation criteria and the award of contracts and approval of any ancillary matters.

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| SENIOR RESPONSIBLE OFFICER | Jane Thomas Director, Adults, Housing & Communities |
| | 24 February 2023 |