

Economy and Growth Committee

Date of Meeting:	30 th November 2021
Report Title:	Domestic Adaptations and Retrofit Procurement
Report of:	Executive Director - Place
Report Reference No:	EG/16/21-22
Ward(s) Affected:	All Wards

1. Executive Summary

- 1.1.** Improving health, wellbeing and quality of life through good quality housing is a key part of our Housing Strategy. Adapting homes enables people to manage their health and care needs and enables them to live independently, while improving the fabric of the home reduces household energy expenditure, improves health and reduces carbon emissions.
- 1.2.** As part of the housing offer to residents, the Council supports low income and vulnerable households to arrange disability adaptations in their home through the Disabled Facilities Grant programme, and to carry out energy efficiency improvements through a range of externally funded grant programmes as opportunities arise. To facilitate this, the Council must carry out procurement that is compliant with the Public Contracts Regulations 2015 to secure value for money in the works and services it buys.
- 1.3.** The Council proposes to undertake two procurement exercises:
 - 1.3.1.** Procurement of Level Access Showers (wet rooms), with an estimated value of between £1.5million and £3million over the term of the Framework, which will be between 2 and 4 years.
 - 1.3.2.** Procurement of Domestic Retrofit works (energy efficiency), with an estimated value of between £3million and £6.6 million over the term of the Framework, which will be between 15 months and 2 years.
- 1.4.** The Council's Corporate Plan 2021-25 sets out our vision for a more open, fairer, greener Cheshire East. The plan sets out priorities under the three

broad aims including “a great place for people to live, work and visit”, “Reduce health inequalities”, and “Reduce the reliance on long-term care by improving services closer to home”. The proposed procurement for domestic adaptations and retrofit will enable us to deliver these priorities.

2. Recommendations

2.1. Committee are recommended:

2.1.1. To approve the procurement of a Framework Agreement for Level Access Showers and delegate authority to the Director of Growth and Enterprise to award and enter into a Framework agreement with a single, successful, supplier who meets the procurement criteria and the requirements of the Framework.

2.1.2. To approve the procurement of a Framework Agreement for Domestic Energy Efficiency Retrofit works and delegate authority to the Director of Growth and Enterprise to award and enter into a Framework agreement with the successful suppliers.

3. Reasons for Recommendations

3.1. There is a need to achieve best value for the services that the Council directly commissions and provides, whilst at the same time maintaining the best possible service for its residents in line with the Council’s Corporate Plan. The frameworks would enable us to secure suppliers who meet our quality standards and deliver value for money.

3.2. There is a statutory requirement for the Council to provide Disabled Facilities Grants to assist disabled residents who are assessed as being unable to afford home adaptations, and to provide support to arrange building works. To facilitate this, the Council must have appropriate contracting arrangements in place with suppliers.

3.3. The Government has launched the Heat and Buildings Strategy and announced £950million of new funding to decarbonise homes through the . Home Upgrade Grant, to be delivered between 2022/23 and 2024/25. Contractual arrangements will need to be established for the delivery of the grants programme to satisfy the funding requirements.

4. Other Options Considered

4.1. A bespoke in-house Framework appointing three suppliers with subsequent mini competitions for each scheme of works would create delivery delays and would not generate the economies of scale that could be achieved by appointing a single supplier.

- 4.2. Carrying out an individual procurement exercise for each domestic property to be improved would be time consuming, would increase the Council's operational costs and the aggregated value of the individual procurements would exceed thresholds in the Council's Contract Procedure Rules.
- 4.3. The Council's low value construction services framework is intended for council buildings and assets and isn't tailored for use in domestic properties occupied by vulnerable residents; the differences between commercial and residential projects cannot be easily bridged.

5. Background

- 5.1. To comply with public sector procurement regulations and with the Council's Finance and Contract Procedure Rules, works must be procured in a fair and transparent manner whilst ensuring best value. This is also critical to achieve economies of scale and to consistently manage the quality of the works carried out in the homes of vulnerable residents.
- 5.2. By entering into Framework Agreements with suppliers, the Council would be able to place an order for each level access shower or domestic energy efficiency retrofit scheme that is required. A Framework Agreement does not provide a guarantee of the volume or value of work that would be awarded to any supplier, giving the Council the flexibility to respond to fluctuations in demand without contractual obligations.

Level Access Showers

- 5.3. The Council delivers services to support people to live independently at home in a number of ways, including the provision of equipment, minor adaptations under £1,000 such as hand rails and grab rails, and major home adaptations costing over £1,000, such as level access showers, stair lifts, ramps and extensions. Major home adaptations are funded by Disabled Facilities Grants and are commissioned by the Council to achieve best value for money and to support people who are unable to organise building works themselves. In 2020-21, 314 grants were approved for disabled residents living in their own homes and in rented properties, including 217 level access showers.
- 5.4. In preparation for the expiry of a framework for Level Access Showers in December 2020, the Cabinet approved the procurement of a new framework for Level Access Showers on 6 July 2020 and the Council subsequently entered into a Framework Agreement with a supplier who was assessed as providing the most economically advantageous tender. Market conditions had a detrimental effect on the delivery of the Framework by the appointed supplier and, following legal advice, the Housing service terminated call-off

orders under the Framework Agreement in August 2021 due to the non-performance of the supplier's obligations.

- 5.5.** There is now a need to carry out a new procurement exercise to appoint a replacement supplier. The Framework enables us to make direct awards to a single supplier for individual major adaptations schemes without providing a guarantee of the volume or value of orders called-off from the Framework, enabling us to respond to fluctuations in service demand. Our experience of delivering previous Frameworks has shown us that some simple building works such as level access showers are well suited to being provided by a single appointed supplier using an agreed pricing structure, delivering greater efficiency for the Council.

Domestic Energy Efficiency Retrofit

- 5.6.** At the Council meeting on 22 May 2019, members approved a Notice of Motion relating to Climate Change, and committed to “work with all businesses, residents and organisations in Cheshire East to reduce their carbon footprint by reducing energy consumptions and promoting healthy lifestyles”. The Carbon Neutral Action Plan sets out actions to reduce carbon emissions from housing, including encouraging and enabling retrofit to the housing stock.
- 5.7.** The Council has a history of accessing funding for domestic energy efficiency retrofit and working in partnership with Cheshire West and Chester Borough Council and Warrington Borough Council to deliver schemes. The local authorities identified that the Sustainable Warmth funding competition launched by BEIS in June 2021 offered a significant opportunity to drive energy efficiency improvements for low-income households, and Cheshire East Council submitted a funding bid for £6,985,000 to deliver a grants programme for on and off-gas households across the sub-region. We have been advised that the sub region has been successful for the off-gas element of the funding and awarded £3,288,960, subject to satisfactory completion of the Memorandum of Understanding.
- 5.8.** Cheshire East will act as the Accountable Body for the funding on behalf of the sub region and will be responsible for the administration of the funding, ensuring it is spent in accordance with the provisions set out in the MOU. Cheshire East will also lead on the procurement which will be secured through a suitable external framework by appointing from a panel of suppliers that have been procured in accordance with the Public Contract Regulations 2015.
- 5.9.** This funding is the first tranche to be released of the £950million announced by the Government for the Home Upgrade Grant programme. The

Procurement of domestic retrofit contractors will be critical to the delivery of the Home Upgrade Grant in Cheshire and Warrington.

6. Implications

6.1. Legal

6.1.1. There are various statutory provisions and guidance under the Care Act 2014, the Chronically Sick and Disabled Persons Act 1970 and the Housing Grants, Construction and Regeneration Act 1996 under which the Council must provide or arrange for the provision of services that contribute towards preventing, reducing or delaying the needs for care and support or arrange any works of adaptation or the provision of additional facilities and grant aid.

6.1.2. A Framework enables the Council to meet its need for a service, supply of goods or works for a set period of time in order to obviate the need to undertake a wide competitive procurement process for each individual scheme. It complies with the Public Contracts Regulations 2015 (“the Regulations”) and the Council’s Contract Procedure Rules.

6.1.3. The Strategic Housing service will engage with Legal Services to ensure that the Framework Agreements contain provisions so that they can be terminated in the event that the works cannot be provided on terms which remain acceptable to the Council or after the initial terms. The Framework Agreement would not contain any guarantees of work volumes to the appointed supplier and could be utilised with other options.

6.1.4. The Strategic Housing service has been advised and will engage with Legal Services to ensure that the duties under the Public Services Social Values Act, as it applies to framework agreements, are fulfilled. The Act requires the Council to consider:

- How what is proposed to be procured might improve the social economic and environmental well-being of the relevant area;
- How in conducting a procurement process it may act with a view to securing that improvement; and
- Whether to undertake any community engagement on their proposals.

6.2. Finance

6.2.1. The value of the Level Access Shower Framework (£750,000 per year, for up to four years) can be met within the annual Disabled Facilities Grant capital allocation received from the Ministry for Housing, Communities and Local Government (£2,064,279 in 2021/22; however, it should be noted that future allocations is not guaranteed). The capital allocation will be used to deliver all types of major adaptations including lifts, specialist

equipment and major building works such as extensions, as well as the Level Access Showers in this Framework.

6.2.2. The value of the Domestic Energy Efficiency Retrofit Framework (between £3 million and £6.6million) would be met by external grants. If the Council's bid for funding is unsuccessful, contracts will not be awarded. Similarly, if the bid for funding is successful but continuation funding is not secured beyond the initial 15 months funding term, the option to extend the agreement will not be utilised.

6.2.3. A Framework would enable the Council to call-off contracts as required and does not provide a guarantee of the volume or value of work that the Contractor would be awarded. In the event that the statutory obligation and/or the funding ceases, the Council has no contractual obligations beyond any orders that have been called-off.

6.3. Equality

6.3.1. The proposed Frameworks would enable the Council to deliver efficient and effective services to groups with protected characteristics who are vulnerable, in particular but not limited to older people and people with a disability. Equality and diversity will form part of the evaluation criteria and the contractual obligations of the supplier, ensuring that equality is at the forefront of service delivery.

6.4. Human Resources

6.4.1. There are no HR implications for the procurement of Level Access Showers.

6.4.2. If the bid for funding for domestic energy efficiency retrofit is successful, a proportion of the funding can be used to administer the scheme which will support existing roles as well as secure any temporary increase in staff resources that may be needed.

6.5. Risk Management

6.5.1. Failure to procure works in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules would leave the Council open to challenge and in breach of regulations, with a subsequent reputational impact.

6.5.2. Failure to establish Frameworks from which works orders can be called-off would mean that each scheme would need to be procured individually. This is prohibitive both in terms of time and cost.

6.5.3. The Council is keen to achieve social, economic and environmental benefits, whether that be local subcontracting and purchasing, job creation, social/community initiatives and environmental responsibility. The Council would not have a specific target in relation to social value for this tender so as not to stifle innovation, although a question would be asked in the tender documents as to what social value can be secured by suppliers should they be successful. The social value policy would also be appended to the tender documents so that the outcomes that the Council is seeking to achieve can be clearly understood by suppliers.

6.6. Rural Communities

6.6.1. The provision of adaptations to keep people living independently in their own home supports the sustainability of rural communities.

6.6.2. Delivering a domestic energy efficiency retrofit programme will directly target rural fuel poverty, with off-gas properties being the primary focus of the Council's bid for funding.

6.7. Children and Young People/Cared for Children

6.7.1. The Frameworks will enable us to provide opportunities for disabled children and young people to live in suitable housing and protect the health of children and young people in low-income vulnerable families through improved living conditions.

6.8. Public Health

6.8.1. The Framework would enable the Strategic Housing service to provide services which directly impact on public health. Housing improvements would benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

6.9. Climate Change

6.9.1. Energy use in homes accounts for 28% of carbon emissions in Cheshire East. The Council has committed to becoming carbon neutral by 2025 and to encourage all businesses, residents and organisations in Cheshire East to reduce their carbon footprint. The procurement of domestic energy efficiency retrofit works will directly contribute to tackling climate change.

6.9.2. Building sustainability is a consideration in the specification and design of level access shower works, ensuring that every opportunity to reduce building operating costs are evaluated to tackle fuel poverty for vulnerable residents and tackle climate change.

Access to Information	
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Appendices:	Appendix 1 – Equality Impact Assessment – Level Access Showers Appendix 2 – Equality Impact Assessment – Domestic Energy Efficiency Retrofit
Background Papers:	n/a