

DECISION TAKER: DEPUTY LEADER AND CABINET MEMBER FOR
COMMUNITY AND HOUSING – COUNCILLOR PAULA FERGUSON

REPORT TITLE: INSULATION WORKS TO VOIDS - VARIATION TO OSBORNE
TERM MAINTENANCE CONTRACT

13 JUNE 2022

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WARD(S): ALL

PURPOSE

This report seeks approval to issue a formal variation to the contract for the provision and management of housing repairs and voids re-servicing currently under contract to Osborne Property Services Ltd.

The formal variation will cover additional insulation upgrade works to void properties and is just one of a number of carbon reduction measures and environmental initiatives that will be rolled out to the Council housing stock over the forthcoming years.

RECOMMENDATIONS:

That the Cabinet Member for Community and Housing:

1. Approves the issuing of the variation for the additional insulation works to Osborne Property Services Ltd.
2. Authorises the Service Lead - Legal to complete the variation agreement between the Council and Osborne Property Services Ltd. on agreed terms.
3. Approves an exception to the councils Contract Procedure Rules in accordance with paragraph 41 of the constitution to enable the variation to the contract.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 Tackling the Climate Emergency and Creating a Greener District – The retrofitting of additional energy and carbon reduction measures to the Council’s Housing stock is a key action in the Carbon Neutrality Action Plan.
- 1.2 Homes for all – The Homes for All priority sets out an aspiration for all homes to be energy efficient and affordable to run and a commitment to move the energy efficiency of new and existing homes towards zero carbon.
- 1.3 Living Well – The Council is committed to addressing health inequalities and the Council Plan includes a commitment focus our activities on the most disadvantaged areas, communities and groups. This would specifically include those either experiencing or at risk from fuel poverty. The proposals to improve energy efficiency of homes and reduce energy demands will directly support this commitment.

2 FINANCIAL IMPLICATIONS

- 2.1 The Housing Revenue Account (HRA) budget approved by Council in February 2022 (CAB3334 refers) includes provision of £15.861m between April 2021 and March 2031 (with annual allocations indicated in the table below) to fund energy efficiency and carbon reduction measures to Council dwellings.

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HRA Budget	£500	£1,512	£1,557	£1,604	£1,652	£1,702	£1,753	£1,805	£1,860	£1,915	£15,861

- 2.2 Within the annual programme for the each of the above years, £1.25m has been set aside for “fabric first” improvements. These “fabric first” improvements will initially be targeted towards voids and are the subject of the proposed variation to the existing long term contract with Osborne Property Services Ltd.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The contractual variation to which this report refers; relates to a contract with Osborne Property Services Ltd which was awarded for the purpose of re-instatement works to the councils housing stock. Works are to un-occupied Council properties.
- 3.2 The variation to the contract is in accordance with Regulation 72 (1) (b) of the Public Contract Regulations (PCR) 2015 which permits a public contract to be modified to include additional services which were not included in the initial procurement where a change of contractor:

- (i) cannot be made for economic or technical reasons; and
- (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority.

3.3 The rationale and efficacy of the Council's intention to issue these works direct to Osborne Property Services Ltd (i.e. without a separate competitive procurement exercise being undertaken) is as set out in this report in that the works are complimentary to that already undertaken by the contractor who are set up already to undertake these works. Procurement and Legal agree that there are justifiable reasons as set out in this report to rely on Regulation 72 (1) (b) of the PCR 2015 to modify the contract.

3.4 A contract notice was published in accordance with the PCR 2015 on 1st October 2021 advising the market of the proposed contract variation. No challenges were received as a result of.

3.5 The councils Contract Procedure Rules (CPR's) set out at paragraph 41 that an exception to the CPR;s can be made in exceptional circumstances where it can be demonstrated:

e) by extending the term (either by exercising an option within the contract or otherwise), or varying and/or extending the scope an existing contract, it is in the best interests of the Council.

4 CONSULTATION AND COMMUNICATION

4.1 CAB3293 (Making Homes Carbon Neutral) sets out an approach to start reducing energy demand and carbon emissions from Council homes. The report proposed an initial programme of £1.6m per annum to improve energy efficiency through additional insulation measures. There was extensive Member and TACT consultation in formulating this agreed approach to making council homes carbon neutral - culminating in CAB3293 and the recommendations contained therein.

4.2 The Housing Revenue Account (HRA) budget approved by Council in February 2022 (CAB3334 refers) includes provision of £15.861m between April 2021 and March 2031 for these additional insulation works and was subject to the normal TACT input and comment.

4.3 The tenant-led repairs service delivery group has had regular updates of the Council's preferred intention to issue these additional works to Osborne Property Services Ltd subject to all the necessary approvals being in place.

4.4 The Chair of TACT and TACT support group agree with the proposal to vary the contract and award the additional works to Osborne.

5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 The retrofitting of additional energy and carbon reduction measures to the Council's Housing stock is a key action in the Carbon Neutrality Action Plan .

6 PUBLIC SECTOR EQUALITY DUTY

- 6.1 None.

7. RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p><i>Financial Risk</i></p> <p><i>Cost of works exceed budget available</i></p>	<p>Works commissioned on a property by property basis when void which allows very close control of spend.</p>	
<p><i>Exposure to challenge</i></p> <p>Legal challenge to additional works being awarded direct to Osborne (i.e. without a separate competitive procurement exercise being undertaken).</p>	<p>A Modification Notice issued Oct`21 - this risk has been mitigated as no challenges received.</p>	<p>To improve the city councils housing stock.</p>
<p><i>Reputation</i></p> <p>Council's reputation should a challenge be forthcoming after the variation has been issued.</p>	<p>A Modification Notice issued Oct`21 - this risk has been mitigated as no challenges received.</p>	<p>Positive action being taken in support of the Carbon Neutrality Action Plan</p>

8 SUPPORTING INFORMATION:

- 8.1 Osborne Property Services Ltd already carry out all the other void reinstatement works under an existing long-term contract with the Council - so for practical and value for money reasons it makes sense to annex these additional insulation works to the existing contract.
- 8.2 The policy (CAB3293 Making Homes Carbon Neutral) and the budget (CAB3334 Housing Revenue Account Budget) are already in place and previously approved - this report simply seeks final approval to complete the

award of the contract variation with Osborne Property Services Ltd in accordance with the formal approvals required under the Council's Contract Procedure Rules.

9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 Osborne Property Services Ltd currently carry out all our other void re-instatement works under their existing 15-year contract with the Council - the final five-year truce /extension of which was approved by Cabinet only last year (CAB3290 - Rec. 15 refers).

The option to procure the insulation works via a new and separate competitive procurement exercise was considered and rejected due to the disruption and co-ordination issues it would cause by potentially having two different contractors working in voids at the same time, and/or the additional delays it would cause if the two different contractors have to work one after the other. Resulting in properties being void for a longer period of time. Additionally, supervision and many of the site cost preliminaries would be unnecessarily duplicated by having two different contractors carrying out the works thus increasing costs. Therefore it was considered to be in the best interests of the council to modify the existing contract with Osborne Property Services Ltd.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

CAB3293 Making Homes Carbon Neutral

CAB3334 Housing Revenue Account Budget 2022/23

Other Background Documents:-

None

APPENDICES

None