

**REPORT TITLE: Procurement of Contractor(s) to deliver energy efficiency and associated works to Council homes**

**To:**

Cabinet

Date 24/06/25

**Report by:**

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**Wards affected:**

AL

Director Approval: Director Lynne Miles confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to Cabinet for decision.

## **1. Recommendations**

### **1.1 It is recommended that Cabinet:**

Approve the issue of tenders and, following the evaluation of tenders, authorise the Director of Economy and Place to award a contract(s) to a contractor(s) to deliver energy efficiency (retrofit) and associated maintenance works to Council Housing for three years from 2026-29, with an option to extend for one or more periods up to a maximum of two years.

## **2. Purpose and reason for the report**

### **2.1 This report seeks approval for the procurement and the award of a new contract(s) to support the continued delivery of the Council's housing energy efficiency (retrofit) programme, which contributes to achieving the objectives set out in the Council's *Climate Change Strategy 2021–***

2026. The strategy outlines a vision for Cambridge to become a net zero carbon city by 2030, subject to the necessary enabling actions from central government, regulators, and industry.

The Council's Housing Asset Management Strategy includes a commitment to improve the energy efficiency of its existing housing stock, in turn reducing carbon emissions. A key target is to upgrade all Council homes currently rated EPC 'D' or below to a minimum of EPC 'C'. To support this, a capital budget allocation of £3.8 million per annum has been made within the Housing Capital Plan through to 2035. This has been supplemented by government grant funding secured since 2023 onwards. The programme is also aligned with the national target for all social housing to achieve at least EPC 'C' by 2035.

Under the current External Wall Insulation (EWI) contract, which commenced in December 2023, approx. 225 council homes have been retrofitted from EPC 'D' and below to EPC 'C'. Measures delivered include external wall insulation, enhanced ventilation, replacement of external doors and windows where required, top-up loft insulation and associated maintenance and repairs. This phase was supported by £2.26 million from the Social Housing Decarbonisation Fund (Wave 2.1).

Following a successful bid to the Wave 3 round of the Government's Warm Homes: Social Housing Fund, the Council has been awarded £3.8 million to upgrade a further 370 Council homes between 2025/26 and 2027/28. This will include a similar suite of energy efficiency measures, together with replacement of gas boilers with air source heat pumps in 37 homes. The current EWI contract is due to expire in March 2026, however the above demonstrates that there is an ongoing demand for the works and services. This report proposes the procurement and award of a new contract(s) to ensure continuity in the delivery of the energy efficiency programme once the current contract expires.

### **3. Alternative options considered**

- 3.1 **1 - Open tendering on a project-by-project basis** – This approach would involve undertaking a separate open tender exercise each time a new grant funding award is received. This was discounted due to the procurement challenges associated with high levels of market demand, as each time central government releases a new wave of grant funding for social

housing retrofit, there is a surge in activity across the sector. This creates a highly competitive environment and limits contractor availability, leading to delivery risks that could undermine the Council's retrofit delivery strategy. While we are still proposing an open tender, it would not be each time there is a grant funding award.

**2 - The use of framework suppliers** – The retrofit frameworks currently available often operate with a restricted pool of pre-approved contractors, which reduces market competition and limits opportunities for local and small and medium-sized enterprises (SMEs) to participate. In addition, frameworks are generally designed to serve a broad range of client needs, resulting in less flexibility to accommodate the Council's bespoke project requirements. The frameworks are not configured to support works to leasehold properties, which is a necessary component of the Council's retrofit programme.

**3 - The use of the Council's own retrofit framework** – The Council used its own Retrofit Framework to procure the current External Wall Insulation (EWI) contract. However, the framework has been set up in such a way that it targets support to the private domestic retrofit market and has limitations for Council housing delivery - particularly in relation to leasehold properties and the types of building contracts required for the delivery of larger-scale works. As such, it is not considered viable for this next major phase of energy efficiency works. A joint scoping exercise will be undertaken to explore how a future iteration of the Council's retrofit framework can better support cross tenure delivery.

#### **4. Background and key issues**

- 4.1 Cambridge City Council is making significant progress in improving the energy performance of its housing and non-domestic building stock through a well-established and expanding retrofit programme. This work contributes directly to the city's climate and public health goals. Alongside the long-term programme to retrofit Council homes, the Council has helped to establish and lead the Cambridgeshire Energy Retrofit Partnership (CERP), which has attracted over £25 million in funding for energy efficiency upgrades to private homes. A £5 million net zero retrofit pilot to 50 homes is currently underway to inform future best practice in achieving net zero homes.

The Council has also launched new research and guidance for industry and residents and formed a new “Energy and Retrofit” team to coordinate delivery across tenures and building types. The Retrofit Framework is in place to streamline procurement and delivery in particular to private homes. The Council has also delivered decarbonisation upgrades to key community facilities, with wider plans under development. In parallel, it is investing in building the local retrofit supply chain and skills base. This should help provide long-term value to residents, the local economy, and the city’s climate and public health objectives.

Following a tendering exercise using the Council’s Retrofit Framework, in December 2023 Aran Insulation Limited were awarded and are delivering the latest contract for energy efficiency works to Council homes. By the end of the contract in March 2026 it is anticipated that approximately 435 Council homes will have been retrofitted to an EPC ‘C’. There is still an on-going demand, together with government funding, for the services covered by this contract, so it is proposed that a new procurement exercise is carried out to establish a replacement contract(s).

It is expected that one replacement contract will be awarded, but the procurement will be carried out in a way that will allow flexibility to award more than one contract if this is advantageous to the Council.

A formal leaseholder consultation process will take place to ensure the Council complies with all legal requirements and will be able to recover the cost of works from leaseholders where applicable.

The estimated value of the future contract is around £5.0m per annum – making a total estimated contract value of £15m between 2026 and 2029 or up to £25m, if the full two-year extension period was used.

The planned package of energy efficiency and associated maintenance measures that are to be carried out may include:

- External and internal insulation works, including to walls, floors, lofts and roofs and below damp-proof course (DPC)
- Cavity wall insulation, including removal and replacement of failed insulation

- Installation of renewable energy installations
- Installation of low carbon heating systems
- Replacement doors, windows, canopies and window trickle vents
- Installation of new or replacement mechanical ventilation and door undercuts
- Rainwater goods fascias, soffits and chimney works
- Internal and external finishes related to insulation works
- Alterations and adaptations to servicing infrastructure, including meter boxes, cabling, pipework, flues and airbricks
- Temporary removal, relocation and reinstatement of satellite dishes and other external wall fixtures
- Roof repairs, roofline alterations, or re-roofing, including bay window roof insulation
- Structural works, internally or externally as required
- Alterations to soft and hard landscaping, including resurfacing as necessary
- Alterations to fencing as necessary
- Asbestos removal
- Any other associated repairs, adaptations and enabling works required to install the above measures

It is proposed that the contract(s) is set up so that services will be available for all Council-owned built assets. If other services are added in the future then the value of the contract may increase.

## **5. Corporate plan**

- 5.1 The decision links to the reduction of energy consumption and carbon emissions from homes in Cambridge as set out in the Council's Corporate Plan.

## **6. Consultation, engagement and communication**

- 6.1 A number of internal Council teams have been notified and consulted on this proposal, contributing to this report. This includes the Procurement team, Legal team, Climate Change team, Equality and Anti-Poverty officer, Asset Management team and Home Ownership team.

Tenants will be informed about the procurement and new contract via the “Open Door” tenants newsletter.

A formal leaseholder consultation process will take place to ensure the Council complies with all legal requirements and will be able to recover cost of works from leaseholders where necessary.

All residents affected by this proposed project will be informed about the proposed work, the potential energy, carbon, and financial savings, together with the health and wellbeing benefits of the work. Detailed consultation will be carried out before work starts including:

- An on-site resident consultation event to give information about the proposed work and collect feedback and comments
- Personal visits to each resident to explain the work and identify any special requirements
- Information and support in the use of energy efficiency measures following installation.

## **7. Anticipated outcomes, benefits or impact**

### **7.1 The new contract will:**

- Ensure the continuation of the Council’s long-term energy efficiency programme, which targets achieving EPC C ratings across its housing stock, following the expiry of the current contract in March 2026.
- Support the Council in meeting the delivery targets associated with external grant funding.
- Facilitate compliance with the Section 20 consultation process, thereby enabling retrofit and associated maintenance works to be undertaken on Council-owned blocks that include leasehold properties, which have not been possible on previous energy efficiency contracts.
- Enhance the delivery model by adopting a more appropriate form of contract that better aligns with the scope and requirements of the retrofit programme.

- Streamline procurement processes by reducing the need for multiple procurements and contract awards, thereby conserving resources across various internal teams.
- Maximise social value impacts, in line with the Council S1750 policy, by offering longer term opportunities for potential suppliers to support wider community wealth building outcomes.

## **8. Implications**

### **8.1 Relevant risks**

None known

### **Financial Implications**

8.2 The budget for most of the work that will be carried out under this contract is included in the HRA Capital Investment plan, together with additional government grant funding.

Works to non-HRA (Housing Revenue Account) property types will be covered by existing budgets or will be subject to bids for resources.

It is possible that new tender prices will be different to existing prices and effect the delivery plan.

The evaluation of tenders will be based on a combination of quality and price with the emphasis on quality of service and work. Social value will play a significant part of the quality evaluation.

An external cost consultant will be appointed to assist with the financial evaluation of tenders to help ensure value for money for the Council.

### **Legal Implications**

8.3 Any procurement for the award of a new contract should follow the requirements of the Procurement Act and Regulations and the Council's Contract Procedure Rules.

## **Equalities and socio-economic Implications**

- 8.4 An Equality Impact Assessment has been completed alongside this report. The EqlA identifies the groups at most risk of fuel poverty and the adverse affects of cold and damp homes, which include babies, children and the elderly, disabled persons and those with chronic illnesses, those in pregnancy and maternity, ethnic groups, and single parent households.

The proposed contract is expected to have a positive impact across these groups, by improving thermal comfort and indoor air quality, reducing bills from what they otherwise would have been, and reducing exposure to cold, damp, and mould-prone environments.

## **Climate Change and Environmental implications**

- 8.5 The project has a “medium positive” climate change rating.

‘Net Zero’ and ‘Climate Change’ implications:

- Reduction in greenhouse gas (GHG) emissions through decreased energy consumption in council homes as a result of improved energy efficiency measures.
- Further reduction in GHG emissions from the installation of low-carbon heating systems replacing gas boilers in up to 40 properties.
- Enhanced community resilience through improved energy security and reduced reliance on fossil fuels.
- Improved thermal comfort and climate resilience of homes, with insulation upgrades mitigating overheating in summer and cold ingress in winter.

‘Environmental implications’

- Biodiversity enhancement through the inclusion of swift boxes as part of the contract specifications.
- Minimising or eliminating the use of fossil fuel based insulation products.
- Waste reduction measures, including recycling targets for window replacements and insulation offcuts to minimise construction waste.
- Mitigation of environmental disturbance via the implementation of a noise, disturbance,



and traffic management plan for both construction sites and associated compound facilities.

### **Procurement Implications**

- 8.6 The work will be procured via the Council's procurement portal. Routes to market are being considered and there will be a period of market engagement as part of the tender process. Routes to market could be informed by market forces and will be agreed with the procurement team and compliant with the current regulations. Initial Market engagement is programmed for July 2025 (subject to approval).

It is currently intended that there will be one contract, however flexibility will be built into the procurement process to allow more than one contract to be awarded.

The Strategic Procurement team will be involved in the project and legal requirements will be provided by the best available option.

### **Community Safety Implications**

- 8.7 There are no procurement-specific community safety implications. This is a contract to ensure existing buildings and services are upgraded and maintained in good condition.

## **9. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1 n/a

## **10. Appendices**

- 10.1 n/a

To inspect the background papers or if you have a query on the report please contact Negin Ghorbani, Retroft Manager, tel: 01223 457294, email: [negin.ghorbani@cambridge.gov.uk](mailto:negin.ghorbani@cambridge.gov.uk)