

**Report to the Leader
And the Communities Overview
and Scrutiny Commission**

13 March 2025

Wards: All

Appointment of a supplier for the provision of Visual Stock Condition Surveys and Energy Performance Certificates (EPCs)

Report of the Director of Legal Services and Shared Partnerships

Report Status:

This item is not exempt

Therefore exempt reasons are not applicable

This is a key decision. The matter is in the Forward Plan

Forward Plan no: 0008/25

1. Purpose of the Report and Summary

- 1.1. That approval is given to seek competitive tenders for the appointment of a supplier for the provision of Visual Stock Condition Surveys and Energy Performance Certificates (EPCs) for Hull City Council's (HCC) council housing stock, and HCC commercial properties that require new / updated EPCs.
- 1.2. The report is seeking approval for the tender be procured via an open procedure procurement exercise and advertised on Find a Tender (FTS). The tender will be assessed based on 60% Price and 40% quality evaluation split, and the Assistant Director of Neighbourhoods and Housing, with the Director for Legal Services and Partnerships and the Portfolio Holder for Regeneration and Housing, to be authorised to enter a contract, accepting the most advantageous tender.
- 1.3. The contract shall be for a period of three years with an option to extend for up to a further 24 months. Extensions post the initial three-year term shall be subject to satisfactory performance and be at the sole discretion of the Council.

- 1.4. The services being procured are essential for the delivery of legislative requirements set out in the Social Housing (Regulation) Act 2023 and key criteria within HCC's Housing Asset Management Strategy; in the case of commercial properties, the Minimum Energy Efficiency Standard (MEES) Regulation (The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015).
- 1.5. Increasing the frequency of stock condition surveys up to a minimum of 20% of HCC's total housing stock, every 12 months, is best practice and will develop the accuracy of HCC's stock condition data, which is key for identifying and remediating hazards, repairs and allocating planned programmes of work to assure decency and safety/compliance for our residents and to maximise the allocation of spend of the Housing Revenue Account (HRA).
- 1.6. The aim of stock condition surveys is to establish the condition of key property elements for financial planning and to enable planned work programmes to be developed for example, kitchens, bathrooms, windows and doors.
- 1.7. The proposed recommendation, which includes delivering EPC surveys in HCC's housing stock at the same time as stock condition surveys, is intended to deliver savings for the Council and will also support Hull's Affordable Warmth Strategy and Action Plan, which was approved by Cabinet in November 2018 and to align with the vision "To reduce fuel poverty and to help residents of Hull to live in a warm, healthy and energy efficient home".
- 1.8. Similarly, the proposed recommendation to deliver EPCs for HCC commercial properties will support the Government's commitment to reach net zero by 2050, and regulation set out in MEES (Energy Efficiency (Private Rented Property) (England and Wales) which requires commercial properties to be EPC 'E' or above to be legally let or sold.
- 1.9. The services provided by the contractors will support the Community Plan and HCC's Climate Emergency Declaration dated 21 March 2019. HCC resolves to do everything within its power to make Hull carbon neutral by 2030, considering both carbon production and carbon consumption emissions. HCC is committed to continuing to work with partners across the city and region to deliver this goal through all relevant strategies and plans – the report supports this approach.
- 1.10. A stock condition survey tender was undertaken for the housing stock aspect of these services, and contracts awarded in 2024, but the successful tenderers could not meet the required levels of output, so a 6-month dispensation was awarded to a local supplier - Enviro AC Limited who has been able to meet the demand levels required and have also provided additional support in delivering EPC surveys, as part of the interim arrangement. This has increased HCC capacity and complements existing arrangements in the Affordable Warmth programme.

1.11. This interim arrangement for stock condition and additional EPC surveys has allowed HCC time to prepare to re-tender for a new 3-year contract (with an option of a 2-year extension) which we are now seeking approval to commence. Also to include EPC requirements for in-scope commercial properties (those requiring new or updated EPCs).

2. Recommendations

- 2.1. That approval is given to seek competitive tenders for the appointment of a supplier for the provision of Visual Stock Condition Surveys and Energy Performance Certificates (EPCs) for HCC Housing Stock and EPCs for those HCC commercial properties in need of a new / updated EPC.
- 2.2. That the tender be advertised as an open tender and be assessed based on 60% Price and 40% quality evaluation split, including social value within the quality evaluation.
- 2.3. That the contract shall be for an initial period of three years with the option to extend for a further 24 months. Extensions post the initial three-year term shall be subject to satisfactory performance and be at the sole discretion of the Council.
- 2.4. That the Assistant Director of Neighbourhoods and Housing, in consultation with the Assistant Director for Legal and Governance and Portfolio Holder of Regeneration and Housing, be authorised to enter a contract with the supplier providing the most advantageous tender.

3. Reasons for Recommendations

- 3.1. There is a need to appoint a contractor who is able to provide dedicated resource of suitably qualified surveyors, enabling them to survey a minimum 5,000 homes every 12 months, as laid out by HCC's priority properties/archetypes to meet the regulatory requirements upon the Council.
- 3.2. The age and condition of elements, across the housing stock, is required for developing planned programmes against the Decent Homes Standard (age is determined by installation dates but condition by survey).
- 3.3. Housing stock condition surveys establish the condition of key property elements required for financial planning and enable planned work programmes to be developed for example, kitchens, bathrooms, windows and doors.
- 3.4. Increasing the frequency of stock condition surveys across the housing stock will ensure the accuracy of stock condition data, which is key for identifying and remediating hazards, repairs and allocating planned programmes of work to assure decency and safety/compliance for our residents and to maximise the allocation of spend of the HRA.
- 3.5. Having in place a single contractual approach across the housing and commercial stock provides for efficient process management with a contractor able to manage

the administration with tenants for entry into properties to complete stock condition and HHSRS (Housing Health & Safety Rating System) surveys, as per legislative and the Council's requirements, to ensure hazards (e.g., damp and mould) are addressed.

- 3.6. The report's recommendations support the Climate Act and Fuel Poverty target. The Council has a legal duty to reach an Energy Performance Certificate rating of C in its homes by 2030 (E in its commercial properties) and net zero by 2050. There is also a moral obligation and sound business sense to understand the condition of our housing stock ensuring the Council delivers quality, robust and timely investment plans, within agreed budgets and the 30-year business plan.
- 3.7. It is necessary to procure the delivery of Energy Performance Certificates (EPCs) across the housing and commercial stock, including Deemed Scores - Deemed Scores are the carbon calculations which determine the energy performance of a building or homes, so HCC can consider energy efficiency as part of our investment plans and programmes and the lifetime savings of each measure installed could produce, alongside the grant funding that can be claimed e.g. external wall insulation/cladding, loft and cavity insulation and heating systems.
- 3.8. EPCs held across the housing stock will enable the Council to obtain Energy Company Obligation (ECO) Funding (+ other Grant Funding) for works such as new boilers/heating systems, loft and cavity wall insulation and external solid wall insulation. This outlines the current condition of the property with an energy rating. The EPC also makes recommendations for improvement measures to homes/dwellings.
- 3.9. Completed EPCs (housing stock) will also allow the Council's Right To Buy (RTB) Team within the Housing Service to utilise this information if tenants decide to undertake a RTB of their property.
- 3.10. Commercial properties must hold a minimum rating of EPC 'E' to be legally let or sold (offices, retail spaces, warehouses, and hospitality venues, with a usable floor area of over 50 square meters). Property owners must ensure their buildings maintain a minimum 'E' rating and hold valid EPCs throughout their lettable period. Local authorities enforce these regulations with substantial penalties for non-compliance:

Breaches under three months: £5,000 or 10% of rateable value penalty (up to £50,000)

Breaches over 3 months: £10,000 or 20% of rateable value penalty (up to £150,000)

Public listing of breaches on the PRS Exemptions Register

The contract will include provision of proposed recommendations of improvement works required to these commercial properties, including cost, resulting rating

improvement, and expected payback period. This will allow the project team to develop a planned programme of capital improvement works that can be driven by any number of priorities (lease renewals, lease expiries, vacant, planned disposals, budget restrictions etc.) whilst highlighting properties/works where the '7-year Payback' exemption applies.

4. Key Organisational Impacts

- 4.1. Impact on other Executive Committees (including Area Committees) and decision makers:
 - 4.1.1. The delivery of quality stock condition and EPC surveys across the housing stock, and EPCs for commercial properties, will ensure HCC remains legally compliant and meets its moral obligations to tenants, residents, and businesses, enabling the Council to invest in its housing stock in an appropriate and timely manner and ensures the Council is working towards its commitment to carbon neutrality by 2025. The recommendations in the report will have a positive impact on the organisation and key partners.
 - 4.1.2. Executive Committees will be kept up to date with contractual performance and any significant implications or consequences that may arise.
 - 4.1.3. A Communications Plan will be provided to those Committees, keeping them fully sighted and engaged locally on the contract and outcomes.

- 4.2. Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans:
 - 4.2.1. The report's recommendations support 1, 2, 4 & 5 of the Community Plan and its ambitions (1-Safe and welcoming neighbourhoods, 2 - A healthier and fairer Hull, 4-Economic growth that works for all, 5-Responding to the climate and nature emergency).
 - 4.2.2. The report also aligns with the three broad themes and actions within Housing Strategy, these being:
 - People:** Improving housing pathways to ensure easier access to good quality housing from a range of providers, to support vulnerable residents across different housing and non-housing services, work in partnership with tenants and communities to maintain community cohesion.
 - Housing:** Provide good quality safe homes by delivering a retrofit and maintenance programme in line with Net Zero targets, ensure best use of existing homes through effective appraisals, promote housing standards and enforcement across the city to ensure private housing meets expected standards.
 - Place:** The Housing Growth Plan identifies the action needed to meet Hull's Housing Need with the correct mix of affordable housing to meet demand as

outlined in Hull's Local Plan, to work with a range of partners including local SMEs to deliver exceptional new homes to above industry standard, and to work with local communities to deliver place-based actions as set out in Neighbourhood and Area Plans

4.3. Impact on other key strategies/business plans:

4.3.1. The report supports relevant plans and strategies across the Council, delivering, safe and welcoming communities, including safe, warm, functional homes, that tenants choose to live in.

4.3.2. Health & Safety – HHSRS (Housing Health & Safety Rating System) forms part of the tender for the Health & Safety of Residents. Health & Safety of supplier staff is embedded in the tender process and makes responsibilities clear, both supplier-side and HCC.

4.3.3. Air Quality – embedded as part of requirements within tender.

4.4. Equalities Impact Information

4.4.1. The report has no significant impact on staff or the community, and the recommendations are considered in line with business as usual. An Impact Assessment has been completed and no equalities impacts identified.

4.4.2. All surveys will be pre-arranged and booked in advance with the tenants and when completing surveys, appropriate steps/actions will be taken to minimise any disruption and inconvenience to the tenants. A similar approach will be taken across the commercial properties.

5. Consultation

5.1. No consultation has been undertaken. This is an extension to existing workstreams, but communication has been issued to stakeholders explaining the purpose / need for these surveys to be carried out.

6. Background

6.1. A stock condition survey tender was undertaken for these services, and contracts awarded in 2024, but the successful tenderers could not meet the required levels of output, so a 6-month dispensation was awarded to a local supplier - Enviro AC Limited who have been able to meet the demand levels required and have also delivered additional EPC support, to an existing Council contract. This interim arrangement has allowed HCC time to prepare to re-tender for a new 3-year contract (with an option of a 2-year extension) which we are now seeking approval to commence. Combining both stock conditions and EPCs (in the case of EPCs across both housing stock and in-scope commercial properties) into one contract will deliver synergy and cost savings to the Council and improve customer experience.

- 6.2. There is a requirement of the Council, as per its duty of care as a social landlord and in line with current regulations, to ensure we achieve the Decent Homes Standard, as set out in the Social Housing (Regulation) Act 2023 (Consumer Standards) ensuring we have appropriate investment and capital programmes in place, and that we identify and complete any repairs and keep our homes to a good standard and residents safe, warm and comfortable in their homes.
- 6.3. The purpose is to appoint a contractor who will provide dedicated resource of suitably qualified surveyors, enabling them to survey a minimum 5,000 homes every 12 months, as laid out by HCCs priority properties/archetypes. It is intended that the contractor will manage the administration with tenants for entry into properties to complete stock condition and HHSRS surveys, as per legislative and HCC's requirements, to ensure hazards (e.g., damp and mould) are expedited.
- 6.4. The contractor will also deliver EPCs against in-scope commercial properties of which there are circa 432 that require EPC's, 150 of which require updated EPC surveys.
- 6.5. Increasing the frequency of stock condition surveys across the housing stock will develop the accuracy of stock condition data, which is key for identifying and remediating hazards, repairs and allocating planned programmes of work to assure decency and safety/compliance for our residents and to maximise the allocation of spend of the HRA.
- 6.6. The aim of stock condition surveys is to establish the condition of key property elements for financial planning and to enable planned work programmes to be developed for example, kitchens, bathrooms, windows and doors.
- 6.7. The age and condition of elements is required for developing planned programmes against the Decent Homes Standard, age is determined by installation dates but condition by survey.
- 6.8. The Social Housing (Regulation) Act 2023 requires that HCC homes receive a stock condition survey once every 5 years.
- 6.9. The recommendations support the Climate Act and Fuel Poverty target. The Council has a legal duty to reach an Energy Performance Certificate rating of C in its homes or above by 2030 and net zero by 2050. There is also a moral obligation to understand the condition of our housing stock ensuring the Council delivers quality, robust and timely investment plans, within agreed budgets and the 30-year business plan.
- 6.10. It is necessary to procure the delivery of Energy Performance Certificates (EPCs) including Deemed Scores - Deemed scores are the carbon calculations which determine the energy performance of a building or homes, so HCC can consider energy efficiency as part of our investment plans and programmes and

the lifetime savings of each measure installed could produce, alongside the grant funding that can be claimed e.g. external wall insulation/cladding, loft and cavity insulation and heating systems.

- 6.11. EPCs held against the housing stock will enable the Council to obtain Energy Company Obligation (ECO) Funding (+ other Grant Funding) for works such as new boilers/heating systems, loft and cavity wall insulation and external solid wall insulation. This outlines the current condition of the property with an energy rating. The EPC also makes recommendations for improvement measures.
- 6.12. Completed EPCs across the housing stock will also allow the Council's Right To Buy (RTB) Team within the Housing Service to utilise this information if tenants decide to undertake a RTB of their property.

7. Issues for Consideration

1. Due consideration has been given to the recommendations and subject to employing appropriate resource and IT solutions, adhering to proper protocols and the delivery of stock condition surveys and EPCs being fundamental to Housing's Asset Management Strategy and regulatory compliance (including relevant regulatory compliance for commercial properties), no significant issues have arisen. Appropriate budget is in place to deliver the works.

8. Options and Risk Assessment

- 8.1. All practical, legal, financial and HR implications/risks and obligations have been considered / mitigated for, and robust plans are in place to ensure required outcomes will be delivered and positive outcomes secured for HCC and key stakeholders. Contract performance will be closely monitored.

8.2. **Direct Award through an existing framework.**

Experience of utilising a framework contract for the delivery of this requirement was not positive and it was necessary to discontinue the contractual arrangements. Given the urgent requirement a direct award was permitted on the grounds of urgency as an interim measure, however, this was necessarily time limited consequent upon the UK threshold for contracting. There is therefore significant confidence that an open tender will result in the successful award of an effective contract. That confidence does not exist in relation using an existing framework contract.

- 8.3. **Do nothing** – Obligations, set out in housing legislation and regulation, require 20% of HCC's housing stock to be inspected by October 2025; similarly, HCC's commercial properties must achieve EPC 'E' or above to be legally let or sold. This option would render HCC non-compliant from a legislative and regulative perspective and reduce levels of investment within the housing stock, creating

major risk to the Council, health and safety concerns for tenants and businesses, and potential loss of income for commercial properties.

9. Comments of the Monitoring Officer (Town Clerk)

The Council are subject to a general duty to make arrangements to secure continuous improvements in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Under the **Public Services (Social Value) Act 2012** the wider parameters of that duty in terms of Social Value are made explicit requiring the Council to consider:

- How what is procured may improve the economic, social and environmental well-being of the area
- How in conducting the process of procurement the Council might act with a view to securing that improvement

Undertaking a procurement process which incorporates appropriate consideration of quality, including Social Value, in the evaluation process ensures compliance with the requirements of the UK Procurement Directives and the Social Value duty. [A]

10. Comments of the Section 151 Officer (Director of Finance and Transformation)

The Director of Finance and Transformation notes the decision to seek competitive tenders and confirms resources are available in the HRA revenue budget (SC)

11. Comments of the Assistant Director OD & HR and compliance with the Equality

Duty

11.1 The content of the report is noted. There are no staffing or equality issues arising for the council from this decision. KH

13. Comments of Overview and Scrutiny

This report was considered by the Communities Overview and Scrutiny Commission at its meeting on the 13th of March 2025. The Commission supported the recommendations as outlined within the report. Ref: Sc8617 [MK].

15. Comments of the Portfolio Holder for Regeneration and Housing

13.1. I fully support the proposals within this report as they will ensure that the Council has the knowledge of its commercial and housing assets to plan effectively

to meet both the required standards and the plan to achieve net zero across its estate.

Ian Anderson - Director of Legal Services and Partnerships

Contact Officer: Brad Smith Telephone No.: 01482 61(5471)

Officer Interests: None

Background Documents: -

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes

I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have considered how the decision may contribute or impact on culture and heritage within the city.	Yes
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	Yes