

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

8 FEBRUARY 2022

### REPORT OF THE CHIEF EXECUTIVE

#### DOMESTIC ENERGY EFFICIENCY PROGRAMME, CAERAU WARD 2012 AND 2013

#### 1. Purpose of report

- 1.1 The purpose of this report is to seek approval to submit a business case to Welsh Government by 28 February 2022, to secure a provisional offer of funding towards carrying out essential remedial work required to properties in Caerau following the failure of wall insulation work installed in 2012/13, and to seek Cabinet support for a request to be made for a Council capital allocation to be approved and included as part of that business case submission, to ensure a comprehensive scheme is developed to address all affected properties.

#### 2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective/objectives under the **Well-being of Future Generations (Wales) Act 2015**:

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### 3. Background

- 3.1 Previous Cabinet reports on 17 November 2020 and 9 March 2021 have set out in detail the background to this matter. In summary, wall insulation work carried out at that time has since failed and is showing significant signs of water ingress and damp. Cabinet delegated authority to myself as Chief Executive to engage with relevant stakeholders involved in the programmes of work to install wall insulation in Caerau in 2012/13 and to explore options to address and remedy the failing work that had been identified. Specifically, it was agreed that a further report to Cabinet would be presented outlining the outcome of continued engagement with the likes of OFGEM

the energy regulator, UK Government and in particular Welsh Government, when any solutions had been agreed.

- 3.2 A total of 104 properties had wall insulation work carried out in Caerau at that time. The Council administered the funding for 25 of these properties using the Arbed scheme, through funding granted by Welsh Government. The other 79 properties had work completed using the UK Government sponsored community energy saving programme (CESP) and the Council had no involvement in the work. Despite that, it has been this Council's position that we should seek to find a comprehensive solution with the other stakeholders to address all of the failing wall insulation work, regardless of who funded and administered the original work.
- 3.3 The process of engaging with each organisation has taken some time and has been challenging, but the Minister for Climate Change in Welsh Government wrote to the Council in January 2022, awarding funding in principle to this Council, not exceeding £2.65 million, over the financial years 2022/23 and 2023/24, to carry out the remedial work required to the eligible properties. The offer in principle is subject to the Council submitting a detailed business case for approval by the deadline of 28 February 2022. The work required is likely to mean stripping off the existing cladding and installing new. The full details of the scheme are subject to the submission of the required business case and final approval by Welsh Government.

#### **4. Current situation/proposal**

- 4.1 The Welsh Government offer of funding in principle is predicated on an initial outline business case the Council submitted last year and on the basis that this Council will also make a financial contribution towards the overall scheme. It is very difficult at this stage to accurately estimate the total cost of the full programme as there are various unknowns. For example, the independent surveys of a sample of homes that the Council commissioned through 'Nuvision' in 2019 showed problems existed, to varying degrees, in each of the homes surveyed. However, it will not be known whether all 104 homes require remedial action until further engagement and survey work is carried out in the community, and similarly it is likely that not all householders will want to participate in the scheme to replace their existing cladding.
- 4.2 However, it is also clear that, for a number of reasons, the cost of most capital schemes has increased significantly since 'Nuvision' provided an original estimate of £16,000-£20,000 per home to strip off and replace the existing cladding. It is prudent therefore to work on the basis of a cost of up to £30,000 per home. The total cost therefore of carrying out the necessary work on all 104 homes, together with project management costs, quality assurance checks and contingency is likely to mean the total costs of a full programme are estimated to be £3.5 million. On that basis the Council will be asked to contribute funding of £855,000. An earmarked reserve of this value has been set aside for this purpose. Discussions are ongoing between Welsh Government and UK Government officials and so it remains possible that UK Government 'Eco' scheme funding will be allocated to this programme of work in due course, which in turn will reduce the overall cost to each contributor.

4.3 The requirements of the business case set out by Welsh Government are highlighted below:

1. The Need / Strategic Case – to demonstrate the need for investment, and how the proposed work will align to the Welsh Government’s policy objectives, specifically on;

- Poverty (including fuel poverty)
- Climate change risk and adaptation
- Air quality
- Jobs and career opportunities

2. Economic Case

- The options considered, along with a clear recommendation

3. Commercial Case

- Proposed delivery agent and
- procurement arrangements

4. Financial Case

- The level of funding requested from the Welsh Government
- any other funding contributions and
- the cost effectiveness of the design solution

5. Management Case – the management arrangements for the remedial work including:

- The management arrangements,
  - quality assurance arrangements e.g. product design, guarantees, spot checks
  - risk assessment to yourselves and the Welsh Government and
- realistic and achievable timescales.

## **5. Effect upon policy framework and procedure rules**

5.1 There is no effect on the Council’s policy framework and procedure rules.

## **6. Equality Act 2010 implications**

6.1 As reported to Cabinet in November 2020 and March 2021, an initial Equality Impact Assessment has been carried out. The purpose of the Equality Impact Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality, so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty. The proposed scheme is intended to improve housing in a electoral ward with some of the most severe socio economic issues in Wales and will have a positive impact on economic, social and health conditions for local residents.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 The Well-being of Future Generations (Wales) Act 2015 provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how the Council should work to deliver wellbeing outcomes for people. The Council 'must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'. Accordingly, before making any decision, Cabinet must take account of the following five ways of working:

- Involvement
- Long Term
- Prevention
- Integration
- Collaboration

Should Cabinet approve the recommendations in this report, the five ways of working will continue to be taken into consideration when the final scheme is approved and implemented. The proposed programme of work will impact positively on local residents' well-being and ensure the original intentions of the energy efficiency schemes carried out in 2012/13 are realised, including better insulated homes and lower energy bills, which will help address fuel poverty issues.

## **8. Financial implications**

8.1 The total funding should cover the costs of remedial work to all eligible households affected in Caerau and will cover costs of works, project management and quality assurance.

8.2 The award in principle from Welsh Government allocates funding of £2.65 million to these works.

8.3 The Council's match funding contribution can be met from an existing earmarked reserve.

## **9. Recommendations**

9.1 Note the award in principle of funding of up to £2.65 million from Welsh Government to carry out essential remedial work required to properties in Caerau, following the failure of wall insulation work installed in 2012/13.

9.2 Approve that the Council submits a detailed business case, as required in the offer of funding from Welsh Government, by 28 February 2022, to secure the funding and delegates authority to the Chief Executive and Chief Officer - Finance, Performance and Change for the submission of the business case and to accept any final offer.

9.3 Approve that a sum of £855,000 is included as the Council's estimated contribution towards a total programme of work costing £3.5 million, which will be included within the updated Capital Programme report to be recommended to Council on 9 February 2022.

- 9.4 Approve implementation of the remedial scheme, including any procurement and ancillary arrangements and delegate authority to the Chief Executive to enter into the necessary arrangements, subject to receipt of the funding from Welsh Government and Council approval of the capital contribution.

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January 2022

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**Background documents:**

None