

Report of **Head of Strategy and Investment**

Report to **Chief Officer for Property and Contracts**

Date: **13/03/2014**

Subject: Approval Request to Procure the Refurbishment and Conversion of Farrar Lane, Sheltered Housing Complex in north west Leeds.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Adel and Wharfedale	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. There are 31 units at Farrar Lane, Sheltered complex in North West Leeds comprising of 21 bedsits and 10 one bed flats. Detailed conversion and refurbishment plans have been finalised proposing to convert and refurbish the sheltered block to bring this in line with modern living standards resulting in a total of 24 units. The proposals also include works to ensure that the block is compliant with current fire safety and other statutory requirements including DDA and proposes to bring all the units within the complex to the decent homes standard as well as significantly improve the energy efficiency of these homes.
2. With the project now reaching tender stage, there is a need now to consider the next steps in terms of procurement options to deliver the construction work.
3. In discussion with procurement officers within the Public Private Partnership Unit (PPPU), various Procurement options have been considered in line with CPR 3.1 and which are outlined within the body of the report.

Recommendations

4. The Chief Officer for Property and Contracts is requested to approve the proposals set out in line with CPR 3.1.8 to subject the project to external procurement process utilizing the YOR build Framework

1 Purpose of this report

- 1.1 The purpose of this report is to outline the current progress on the project and the next steps in terms of procurement options to move the project to the delivery of the construction phase on site.
- 1.2 This report also makes recommendations in terms of the preferred procurement route to deliver the project objectives

2 Background information

- 2.1 Farrar Lane Sheltered Housing complex, located in the north west of the city within the Holt Park area, contains a total of 31 units comprising of 10 one bed flats, and 21 bedsit flats (with one bedsit being locally designated as a guest room).
- 2.2 Farrar Lane was originally identified as a high priority project for modernisation and conversion works as part of the Extra Care Housing PF6 bid. Subsequently the proposals for conversion and refurbishment of this complex were included in a further bid by the city for HCA funding a number of years ago. Neither bid were successful however the Council committed to 'ring fence' the match funding put aside for the HCA bid to address the issues highlighted by the bid.
- 2.3 In December 2012, the previous ALMO board (West North West homes) approved commissioning and funding NPS associated professional fees to develop conversion and refurbishment proposals.
- 2.4 The original approval for complex conversion and refurbishment was given by the Director of Environment and Neighbourhoods in October 2011, with various reports presented to the previous WNWhL Board over the period spanning back to March 2010

3 Main issues

- 3.1 The current proposals for the complex refurbishment include conversion of 20 Bedsits into one bedroom flats and full refurbishment of the existing 10 one bed flats reducing the total stock level from 31 to 24 units (including 1 remaining bedsit as the designated Guest bedsit/flat)
- 3.2 The refurbishment proposals also included for the full modernisation of the mechanical and electrical services including heating and fire alarms to ensure that the building meets the current fire safety requirements, renewal of the existing lift and the building of a new extension for the scooter parking facilities.
- 3.3 NPS pre-tender estimate (at RIBA stage D) of the conversion and refurbishment works costs including a provisional sum for asbestos removal is £2.2m.
- 3.4 Customer consultation events have taken place locally at the sheltered complex involving local Ward members and have been previously supported by the (previous) ABCL Staff and the (previous West ALMO) Senior Management Team members (at CEO and HoS levels). The last full public consultation event took

place with NPS presence was in July 2013. A meeting has been arranged for mid-March 2014 to update residents and local Ward Members on progress.

- 3.5 Planning permission has also now been granted to build the extension to house the scooter parking facility, as well as initial specialist surveys being commissioned and undertaken (Ecological and Asbestos).
- 3.6 In October 2013, LCC released a draft planning Statement for the Holt Park District Centre which, which sets out the vision for the Holt Park Community.
- 3.7 One of the objectives included in the planning statement sets to “ *facilitate the improvement / refurbishment of the existing elderly care facility on the site and review with Asset Management what the Council can offer for elderly care in this location....*”. (pg. 3) The draft planning statement also sets out ...” *the opportunity to progress with **new sheltered housing** together with improvements to **the existing sheltered housing** provision...*” The proposals contained within this project and set out in this report support these objectives.
- 3.8 The project has been approved as part of the wider capital Programme approved by the LCC Executive Board in February 2014.
- 3.9 With the project now reaching tender stage, there is a need now to consider the next steps in terms of procurement options to deliver the construction work.
- 3.10 In discussion with procurement officers within the Public Private Partnership Unit (PPPU) the following Procurement options have been considered in line with CPR 3.1
 1. In line with CPR 3.1.4, the ISP has been consulted and requested to confirm their availability and capacity to undertake the works. However the ISP has since declined the offer to undertake the work after consideration of their current work programmes.
 2. There is a potential to utilise the 2011 Procurement arrangements with Mears PLC. However the existing arrangements do not directly correlate or provide for delivering this type of work and a significant element of the work would be subject to being retendered through subcontracted means by the main contractor. This approach would not be considered in line with achieving best value for the Council or deliver the Council the potential benefits that would be anticipated through other means of external procurement arrangements.
 3. Utilising *Construction Line* has also been considered; however given the monetary value of the scheme, officers’ view is that there is a lost opportunity in terms of maximising the social economic benefits derived from schemes of this value.
 4. Full open Market procurement: this is a viable option in terms of exploring what the market has to offer from a value for money point of view. The timescales involved in pursuing this route can be excessive and resource intensive depending on the complexity of the works involved. Given the previous delays experienced to date in delivering this work on site and the local ward member interest in progressing the works as soon as possible due

to the condition of the complex and bedsit units, this option was considered by officers to be a relatively high risk procurement approach and concerns were raised about additional extended timescales involved

5. Utilising existing frameworks: The three main frameworks considered with PPPU officers were as following
 - a. Efficiency North: This Framework catered predominantly for the elemental approach in terms of renewal of kitchens, bathrooms, windows , doors etc. this framework was not considered to be suitable for the proposed works.
 - b. Fusion 21: As above, Advice from officers within PPPU (Procurement Unit) suggested that this framework would not be suitable for the type of work to be delivered
 - c. YOR Build: This framework was considered to be the most appropriate of the existing frameworks catering for new build and major refurbishment works in which the Farrar Lane project falls. The framework runs until December 2015, well within the delivery timescales of this project. It also encourages the utilisation and building of local building supply chains, brings together recycling /environmental benefits and requires each project to develop an employment plan as part of the add value delivered through this framework.

This project would fall under the 'Lot 4' category and with six main contractors on the framework, would be subject to a reasonable amount of competition to achieve market best value.

3.11 Officers within PPPU and Housing Leeds are recommending utilising the YOR Build framework to procure the works for this scheme. The following timescales are proposed as an outline programme to enable the project to be delivered

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| • Approval of Delegated Decision | April 2014 |
| • Final tender Docs preparation | May 2014 |
| • Tender Notification within the Framework | End of May 2014 |
| • Tender Process (Inc. Tenders returned) | June – Mid July 2014 |
| • Evaluation of tenders returned | By End of July 2014 |
| • Approvals of Tenders | By Mid-August 2014 |
| • Construction Lead in | August / September 2014 |
| • Construction Start on site | End of September 2014 |

4 Corporate Considerations

4.12 Consultation and Engagement

- There has been consultation with the resident tenants in developing the proposals. A consultation event was held with Ward Members and local residents on 11 July 2013 to consult on the refurbishment works. There were no objections raised to the scheme at the event. Many were keen for the work to start as soon as possible due to the lengthy timescales to reach this point. A separate briefing note has also previously been provided to Ward Members. On approval of this

report a further update communication to both the tenants and Ward members will be prepared and issued.

4.13 Equality and Diversity / Cohesion and Integration

- The proposals include for the upgrade of the existing warm air heating system to the flats within the complex, which will provide tenants with a more efficient heating system. This will particularly benefit those tenants on low incomes who are currently in fuel poverty.
- The refurbishment works also aim to meet the lifetime homes standards which will reduce the requirements for future major adaptations to be undertaken within the flats themselves as all the flats will have fully refurbished walk in showers installed as part of the proposals.
- The communal areas within the complex will meet the Equality Act 2010 and public sector equality duties specifically with regards to accessibility once the refurbishment works are completed.

4.14 Council policies and City Priorities

- This refurbishment scheme supports a number of the City Priorities, as follows:
 1. Increase the number of properties improved with energy efficiency measures.
 2. Increase the number of properties which achieve the decent homes standard
 3. Meets the Draft Planning Statement objectives set out for the Holt Park District Centre.

4.15 Resources and value for money

• Full Scheme Estimate

The full scheme construction budget estimate has been completed by NPS, as follows:

Farrar Lane Conversion and Refurbishment	£2,200k
Fees	£84k

The capital programme approved by Leeds CC Executive Board has the following provision

Proposed Capital Scheme	2014/15 £000s	2015/16 £000s
Farrar Lane - sheltered housing remodelling and refurbishment	1,734.0	550.0

- There are no revenue implications within this programme of works.

4.16 Legal Implications, Access to Information and Call In

- The Housing Contracts Programme Manager and Public Private Partnership Unit (PPPU) has been consulted about the procurement route and the Housing Contracts Programme Manager is satisfied that the scheme complies with procurement rules, and doesn't breach any existing contractual requirements for undertaking building maintenance to Council Housing in the local area. Mears have been contacted in relation to the decision and has not identified any related contractual issues. The Procurement Unit will provide advice in evaluating the successful contractor. There are no other known legal implications of this scheme

4.17 Risk Management

- If the proposal isn't approved, the site will continue to deteriorate, with lettings of bedsits continuing to decrease leading to risks relating to difficulties in managing housing management issues / environmental conditions. There is evidenced demand for 1 bed sheltered council accommodation in the area, and so in undertaking the refurbishment of this complex will allow the complex and growing demand for this type of housing to be more effectively managed.
- The refurbishment proposal has been subject to a cost benefit analysis, and this has demonstrated that based on the refurbishment costs and projected rental income. This was part of the option appraisals previously undertaken by the previous ALMO in West and approved by the Director of Environment and Housing. Risks relating to the delivery of the scheme will be managed by Housing Leeds teams supported by PPPU teams.

5 Conclusions

- 5.1 The conversion and refurbishment proposals outlined within this report along with the procurement options set out under item 3.10 present an opportunity for the local authority to deliver the project at the best value possible in terms of procurement options available at this point.

6 Recommendations

- 6.1 The Chief Officer for Property and Contracts is requested to approve the proposals set out in line with CPR 3.1.8 to subject the project to external procurement process utilizing the YOR build framework.

7 Background documents¹

- 7.1 Capital Programme Approval by LCC Executive Board – Feb 2014
- 7.2 Report to Director of Environment and Housing – HRA Council House Investment Programme – March 2014

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.