

## Report of Housing Leeds

### Report to Director of Environments and Housing

Date: 10<sup>th</sup> September 2014

### Subject: Approval Request to award the contract for the Refurbishment and Conversion of Farrar Lane, Sheltered Housing Complex in North West Leeds

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Adel and Wharfedale	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input 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? If relevant, Access to Information Procedure Rule number: Appendix number: A Appendix A to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. Farrar Lane is a sheltered housing 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. A robust procurement exercise has been undertaken by Housing Leeds, in conjunction with the Public Private Partnerships and Procurement Unit (PPPU/PU), to procure a single contractor to undertake the refurbishment and conversion works at Farrar Lane.

### Recommendations

3. It is recommended that the Director of Environments and Housing approves the award of the contract for the refurbishment and conversion of Farrar Lane Sheltered Scheme to Berman Building for the sum of £1,341,947.97.

## **1 Purpose of this report**

- 1.1 To seek approval to appoint Bermar Building to undertake the refurbishment and conversion work at Farrar Lane.
- 1.2 This recommendation is a result of a procurement exercise using the Yorbuild Framework.

## **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 PFI Round 6 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 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. Approval under CPR 3.1.8 to procure the refurbishment and conversion of Farrar Lane was given via DDN on 13<sup>th</sup> March 2014
- 2.4 The final NPS pre-tender estimate (at RIBA stage D) for the conversion and refurbishment works costs including was £1.76m. The Key Decision and Authority to Spend was granted at Executive Board on 25<sup>th</sup> March 2014.
- 2.5 During the tender period bidders were invited to a site visit and a mid-tender clarification session held at Farrar Lane. This provided an opportunity for bidders to clarify any areas of the tender documentation to enable them to effectively cost the tender submission.

## **3 Main issues**

- 3.1 The procurement exercise was undertaken through the Yorbuild framework. Initially seven organisations were invited to tender following a request for expressions of interest. During the tender period five of these bidders chose to withdraw from the tender process, resulting in two competitive tenders being received for the contracts. The main reasons cited for withdrawal of organisations from the tender process has been due to lack of resources within the organisations to complete the tender submission.
- 3.2 Tenders were assessed on the competitiveness of the pricing document and on a quality assessment. To enable a robust mechanism for evaluation of tenders, the tender was scored on a combination of price (40%) and quality (60%).

3.3 Summary of results of both the price submission and the quality scores are attached in Appendix A Tender Report. (confidential)

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 Consultation has been undertaken by Housing Leeds with tenants of the scheme and the Councillor for the area. Tenants have specifically been consulted on the proposals on the 17<sup>th</sup> March 2013 and 11<sup>th</sup> June 2014. Further consultation is planned with tenants and local members in the week commencing 15<sup>th</sup> Sept 2014.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 An equality and impact screening report has been completed for this project.

4.2.2 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.

4.2.3 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.

4.2.4 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.

### **4.3 Council policies and City Priorities**

4.3.1 This refurbishment scheme supports a number of the City Priorities, as follows:

- Increase the number of properties improved with energy efficiency measures.
- Increase the number of properties which achieve the decent homes standard
- Meets the Draft Planning Statement objectives set out for the Holt Park District Centre.

4.3.2 Within the winning tender the following targets have been included for Employment and Skills

Progression into employment – unemployed less than 6 months	4 (no of persons)
Apprenticeships – Existing	48 (no of person weeks)

School/College/University site visits	3 (no of visits)
School/College workshops	3
Work Experience under 18yrs	2 (no of placements)
Work experience/entry level and level 1 qualifications – 18+ yrs.	4 (no of placements/qualifications)

#### 4.4 Resources and value for money

##### 4.4.1 Full Scheme Estimate

Included in the DDN for Authority to Procure was a construction estimate of £2.2m, prior to tenders going out an updated cost report was produced that provided final pre tender estimate (PTE) of £1,769,499.00.

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

4.4.1 The final tender price accepted is £1,341,947.97

4.4.2 This price is 24% below the PTE. The reasons for this are due to the competitive market and the timing of the works to start after the works to schools during the busy school holiday period have finished. Both tender returns were below the PTE and following the pricing evaluation it was clear both tenderers had priced the works in a consistent manner.

4.4.3 Once contract award has taken place the contract will be manager by Paul Rounding, Property and Contracts Team, Housing Leeds.

#### 4.5 Legal Implications, Access to Information and Call In

4.5.1 The decision on the award of contract is considered to be a Key Decision due to the fact that the winning tender price is more than £250k under the PTE and this results in a potential saving of £427,552.00 to Leeds City Council. This is the only reason why this decision should be taken as a Key Decision rather than a Significant Operational Decision.

- 4.5.2 We are requesting that this decision is taken under general exception as it is impracticable to include the decision in the List of Forthcoming Key Decisions for a period of 28 clear calendar days prior to taking the decision as the project is at such a stage that this would have a negative impact on the programme in place.
- 4.5.3 All works being undertaken at Farrar Lane are being undertaken whilst tenants are still present on the site and will require tenants to be decanted at various points within the programme. Consultation is already in progress between tenants of the schemes and the Council based on the dates within the current programme. To date some tenants have already moved permanently to other sheltered schemes, some have arranged to stay with family during the works and for those who are remaining on the scheme during the works, the decants have been programmed for phase 1 of the works.
- 4.5.4 A large amount of pre-work is being undertaken so the first phase of decants are undertaken prior to the contractor starting on site. Ensuring these decants are completed and there are no further delays to the programme, this will facilitate the completion of Phase 1 (including the Communal) will be completed prior to Christmas. This is the key milestone to meet for the benefit the scheme tenants and also stakeholders of the scheme.
- 4.5.5 The Head of Governance Services has forwarded the delegated decision notice to the Chair of the relevant Scrutiny Board.
- 4.5.6 The delegated decision notice has been published on the Council's website
- 4.5.7 This decision will be eligible for call in.

## **4.6 Risk Management**

- 4.6.1 There is evidenced demand for 1 bed sheltered council accommodation in the area. Undertaking the refurbishment of this complex will allow the complex and growing demand for this type of housing to be more effectively managed.
- 4.6.2 Risks relating to the delivery of the scheme will be managed by Housing Leeds teams supported by PPPU teams.

## **5 Conclusions**

- 5.1 A robust procurement exercise has been conducted by Housing Leeds in partnership with PPPU/PU using the Yorbuild Framework.
- 5.2 Tenders were received from two contractors on the framework.
- 5.3 Rob Moon of Berman confirmed in an email dated 5th September that their price included all the items as listed in their activity schedule and as described in the specification.

## **6 Recommendations**

- 6.1 It is recommended that the Director of Environment and Housing approves the award of this contract for the refurbishment and conversion of Farrar Lane

Sheltered Housing Scheme to Berman Building Co Ltd. for the sum of £1,341,947.97.

**7 Background documents<sup>1</sup>**

- 7.1 Appendix A – Tender Report - confidential
- 7.2 Authority to Procure DDN (CPR 3.1.8)
- 7.3 Equality Impact Assessment
- 7.4 Email confirming Berman Building pricing

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<sup>1</sup> 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.