

**Report of Chief Officer of Property and Contracts**

**Report to Director of Resources and Housing**

**Date: 3rd November 2017**

**Subject: Approval to procure a contract to deliver external works to 3 high rise towers blocks in the LS9 district of Leeds; Shakespeare Grange, Shakespeare Court and Shakespeare Towers.**

Are specific electoral wards affected? If yes, name(s) of ward(s): The ward of Burmantofts & Richmond Hill	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. The Council are seeking to undertake a competitive procurement exercise inviting tenders for the delivery of external works to 3 high rise towers blocks; Shakespeare Grange, Shakespeare Court and Shakespeare Towers in the LS9 district of Leeds. Works are due to commence March 2018 with construction works taking 52 weeks.
2. This report follows approval of the scheme within the capital refurbishment programme and seeks approval for the proposed procurement route and includes the scope of works.
3. Following pre- tender estimates from the consulting engineers Mason Clarks Associates (and review by LCC quantity surveyors) the total scheme estimate is £3.9m for the delivery of the works. The works will be fully funded from within HRA resources. This funding relates to the enabling works only; funding has been approved separately to engage consultants to support the development and implementation of this project.

4. A review of the available procurement options has been undertaken with officers from Projects Programmes and Procurement Unit (PPPU). This report identifies the preferred option to deliver the service. In accordance with Contracts Procedure Rule (CPR) 3.1.8, this report seeks approval from the Director of Resources and Housing to invite tenders via the Yorbuild 2 Framework.

## **Recommendations**

5. The Director of Resources and Housing is requested to;
  - i. In accordance with Contract Procedure Rule (CPR) 3.1.8, approve the invitation of tenders via the Yorbuild 2 framework for the delivery of external building works to three blocks Shakespeare Grange, Towers and Court Leeds, LS9 7UD.
  - ii. Note that in line with pre-tender estimates of £3.9m, current authority to spend is £2.42m up to the end of 2017/18 with an additional £1.48m being sought as part of the overall Housing Leeds 2018/19 refurbishment programme in order to provide financial provision to deliver the works.
  - iii. Note that the evaluation of the tenders will be on a price / quality ratio of 70% price and 30% quality, the questions and weightings that make up the quality tender evaluation criteria have been prepared and approval will be sought in line with CPR 15.1 to invite tenders on this basis.

## **1. Purpose of this report**

- 1.1.** In accordance with Contract Procedure Rule (CPR) 3.1.8, this report seeks approval from the Director of Resources and Housing to invite contractors on the Yorbuild 2 framework to tender for the delivery of external works to three blocks; Shakespeare Grange, Shakespeare Court and Shakespeare Towers.
- 1.2.** To provide a summary of the works to be completed.
- 1.3.** To provide an update on the progress made to date.
- 1.4.** To confirm relevant consultation has taken place with Stakeholders. All ward councillors have been informed and have not raised any objections to the project

## **2. Background information**

- 2.1.** The contract is to deliver concrete repairs and External Wall Insulation (EWI) to Shakespeare Towers, Grange and Court, which are three multi-storey housing blocks located in LS9 opposite St James' Hospital. Each block is 17 storeys high and have 100 units each. There are 16 leasehold flats in total.
- 2.2.** This scheme forms part of the Housing Leeds Capital Programme 2017-2019, and is being commissioned in response to failing external render and the need for better energy efficiency to tackle fuel poverty.
- 2.3.** These 3 multi storey blocks have been experiencing particular wear and tear to their concrete rendering resulting in some concrete pieces and render to fall. Leeds City Council has an obligation under section 11 of the Landlord and Tenant Act 1985, to keep in repair the structure and exterior of the dwelling and as this poses a significant health and safety risk to the residents, and general public alike, Mason Clark Associates (MCA) were appointed as consulting engineers via the Yorconsult framework to provide pre contract services. Note NPS Leeds had declined the works. .
- 2.4.** The works comprise of the removal of loose areas of render and the application of a proprietary render repair system. The treatment of all exposed reinforcing bars and an anti-carbonation coating applied. The fixing of a rockwool based external wall insulation (EWI) system and the application of a silicone render finish. This work will benefit the long term viability of the blocks and increase the thermal efficiency of dwellings. This EWI will further insulate the blocks and research has shown it will significantly reduce the heating bills for people living there due to preventing the loss of warm air through external walls.
- 2.5.** There is anticipated to be a 52 week construction period on the three blocks which will be commencing March 2018.

- 2.6. The outcome of the works will be that the blocks are not only safe and secure, but as a result of External Wall Insulation they will also have improved thermal efficiency. The works to be carried out will be guaranteed to provide structural integrity to the exterior of the buildings for 30 years.
- 2.7. Mason Clark Associates were appointed as consulting engineers in December 2016 to advise Housing Leeds on the extent to the repairs required, develop a specification and tender to enable a contractor to encase any repairs and a cost plan. Their commission was up to RIBA 3 (D, E); Developed Design. Mason Clark Associates and the Council's staff have met on a fortnightly basis since this work was assigned to them in order to develop the plan.
- 2.8. MCA were appointed as a direct quality initiated call off for pre-contract services. In order to ensure continuity of service delivery they will also be engaged in a similar manner through YORconsult to provide post contract services- again NPS Leeds had declined the commission.
- 2.9. There are no Internal Service Providers within the Council who are able to deliver the type of work required given the scope and specialist nature of the work.
- 2.10. The technical design and installation of the external wall insulation system will be the responsibility of the successful tenderer.
- 2.11. An expression of interest was issued in September 2017 to all companies registered on the YORbuild 2 West £1-4M Lot. Five companies have expressed an interest in progressing this further.

### **3. Main issues**

- 3.1. With the project plan agreed by all parties, the need now is to finalise the tender documentation in order to go out to tender for the refurbishment works. The Council's Projects, Programmes and Procurement Unit (PPPU) team and Housing Leeds have been working together along with MCA in order to develop and implement the procurement strategy and to produce the tender documentation to an agreed timetable for procurement and contract award.
- 3.2. Contractors on the YORbuild 2 framework in the YORbuild 2 (Lot 3) West Area will be invited to tender. YORbuild 2 is the Council's default new build / major refurbishment approved framework and is deemed appropriate for the nature and scope of this project by colleagues in the PPPU.
- 3.3. PPPU has advertised a request for an Expression of Interest via Yorbuild to gauge interest and five building contractors have expressed an interest in tendering for these works. This is based on a tender being issued October 2017 and a tender submission date of November 2017 (6 week tender

period). Contract award is planned for January 2018, with start on site after mobilisation in March 2018.

- 3.4.** The evaluation of the tenders will be on a price / quality ratio of 70% price and 30% quality. The questions and weightings that make up the quality tender evaluation criteria have been prepared and approval will be sought in line with CPR 15.1 to invite tenders on this basis.
- 3.5.** The investment and resulting external works proposed at Shakespeare Grange, Shakespeare Court and Shakespeare Towers will make a significant contribution to the vision, ambitions and outcomes set out in the Best Council Plan 2015-20. This scheme will support a number of council objectives and priorities, for example:
- Helping people out of financial hardship and into work – by reducing fuel bills via energy efficiency schemes and creating jobs and training opportunities via construction contracts.
  - Boosting the local economy – by increasing disposable incomes by reducing fuel bills via energy efficiency works.
  - Developing a low carbon, resilient energy infrastructure for the city – by funding energy efficiency works, for example External Wall Insulation (EWI).
  - Legislative and Regulatory compliance.
- 3.6.** The contract will have an approved contract management plan that will specify performance levels and the monitoring process to be implemented; bidders will be provided with guidelines, clear targets and performance levels within the tender documentation. These will be managed and monitored over the life of the contract to ensure that the quality of service provided by the Contractor is sufficient in accordance with our performance indicators.
- 3.7.** The form of contract for this procurement will be an NEC3 option A with an Activity schedule. This was agreed in consultation with the project team and the reasons for deciding on this form of contract are as follows:
- YORbuild 2 framework will be used- the NEC3 contract is the most conducive to this.
  - The scope of the works is clearly defined and there is a low risk of this changing.
  - The anticipated cost of the project has been identified and verified by LCC quantity surveyors.
  - This form of contract drives proactive contract management
- 3.8.** The Contract Manager will be responsible for developing and managing the:
- Monitoring performance measures and reporting processes;
  - Annual reviews;
  - Contract Management Plan;
  - Exit Plan.

## **4. Corporate considerations**

### **4.1. Consultation and engagement**

- 4.1.1. All ward members have been notified of this proposed scheme and have not raised any objections. Planning permission has been obtained, and building control will be notified of any changes to the proposals.
- 4.1.2. All tenants and leaseholders have received correspondence informing them of the proposals and were invited to an open evening where they were able to inspect examples of the type of cladding that will be used. It was also an opportunity to discuss the scheme with the project manager.
- 4.1.3. Leaseholders have also been notified of the Council's intention to procure a new contract for this work under the Leasehold Consultation Requirements (England) Regulations 2003. A legal notice has been sent to leaseholders at within the blocks. No comments or observations have been received to date from leaseholders or the Tenants and Residents' Associations.
- 4.1.4. Fortnightly meetings have been held since the commencement of the project. Attendees have included Mason Clarks Associates, Planned Works, Housing Leeds QS Team and PPPU.

## **5. Equality and diversity / cohesion and integration**

- 5.1. An EDCI assessment has been completed, with attached documentation. This project will have a minimal impact on equality, diversity and cohesion; as it is repairing the external render of tower blocks and applying external wall insulation. It will increase the thermal efficiency of the buildings and reduce the heating requirements of tenants.
- 5.2. It is not anticipated that contractors will require access to properties as works are external; therefore the wholesale transfer of personal data is not required. Council data protection and privacy protocols will be included in the contract data. Should information on extremely vulnerable tenants be transferred from the council to contractors it will have to be managed, stored, transferred and destroyed in accordance with council guidelines. Privacy Impact Assessment documentation has been completed.

## **6. Council policies and the Best Council Plan**

- 6.1. It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness and procured in line with Leeds City Council's Contract Procedure Rules and the Public Contracts Regulations 2015.
- 6.2. The investment and resulting work will contribute to the following council plan ambitions:

**Objectives:**

- Supporting communities and tackling poverty
- Promoting sustainable and inclusive economic growth

**Outcomes:**

- Live in good quality, affordable homes within clean and well cared for places.
- Low Carbon: Reducing emissions, tackling fuel poverty, delivering efficient and secure energy

**Priorities (direct impact):**

- Keeping people safe from harm
- Providing enough homes of a high standard in all sectors

**Breakthrough projects:**

- Cutting carbon and improving air quality
- Housing growth and high standards in all sectors

**7. Resources and value for money****The Procurement Process**

- 7.1.** The procurement will be carried out in an open and transparent manner as required by the Public Contract Regulations 2015 whilst ensuring competition is sought to identify best value when initially establishing the contract.
- 7.2.** The project team, which meets on a fortnightly basis, has discussed the work that is required and the most appropriate way to complete the works that ensures best value for money.
- 7.3.** Through a tendering exercise the Council will receive competitive tender submissions from contractors on the Yorbuild 2 framework because of the competitive nature of the procurement process.
- 7.4.** The tender evaluation team consisting of 3 officers of the planned works team responsible for operational delivery, strategic development and service improvement will evaluate the quality of the submissions. Quality forms 30% of the evaluation criteria. Colleagues in the PPPU, who have been involved in the delivery of the project to date and will continue to provide support. MCA will also provide consultancy support during the quality evaluation process but will not be a scoring participant.
- 7.5.** A quantity Surveyor from Housing Leeds Property and Contracts will evaluate the value of submissions, price equates to 70% of the marks.
- 7.6.** The PPPU team will oversee the tender and evaluation process. They will collate the panel member's scores for quality and price and will provide details of overall scores to the panel.

**Capital Funding and Cashflow**

- 7.7. As part of the overall capital programme report to February's 8<sup>th</sup> 2017 Executive Board the total funding package for the Housing Leeds Refurbishment programme from 2017-18 to 2019-20 was presented and injected into the capital programme by full Council on 22<sup>nd</sup> February 2017 in the amount of £241.5m of which £81,478.3k was for 2017-18.
- 7.8. Since full council approval in February, further net slippage of schemes from 2016-17 to future years was identified in the amount of £4,000.0k and at March 22<sup>nd</sup> Executive board, the HRA Business Plan 2017-18 to 2026/27 was endorsed, giving available resources for 2017-20 of £243.8m.
- 7.9. The Housing Leeds 2017/18 capital refurbishment programme was approved on 4<sup>th</sup> April 2017 by the Director of Resources and Housing giving a total authority to spend (ATS) on the programme for 2017/18 of £81,478.5k.
- 7.10. As part of the £8m 2017/18 structural remedial and insulation programme the Shakespeare Court, Grange and Towers scheme currently has authority to spend up to the end of 2017/18 of £2.42m as set out in the table below.

Previous total injections on this scheme	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
CONSTRUCTION (3)	3900.0	422.0	2000.0	1478.0			
DESIGN FEES (6)	0.0	0.0					
<b>TOTALS</b>	<b>3900.0</b>	<b>422.0</b>	<b>2000.0</b>	<b>1478.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Previous Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
CONSTRUCTION (3)	2422.0	422.0	2000.0				
DESIGN FEES (6)	0.0						
<b>TOTALS</b>	<b>2422.0</b>	<b>422.0</b>	<b>2000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2017 £000's	FORECAST				
			2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
HRA self financing	3900.0	422.0	2000.0	1478.0			
Total Funding	3900.0	422.0	2000.0	1478.0	0.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

- 7.11. Additional funds were approved for consultant's fees. Further scoping of the works by Mason Clark Associates, and review by LCC quantity surveyors, have estimated that the total repairs are anticipated to cost £3.9M. Further funding has been allocated within the 2018/19 programme as a result of these more robust estimates being provided as project development progressed. Further authority to spend on the balance of funding £1.48m will be sought as part of the Housing Leeds 2018/19 refurbishment programme report due in March 2018.



## **8. Legal implications, access to information, and call-in**

- 8.1.** The decision to authorise spend on the Housing Leeds 2017/18 refurbishment programme on the 4<sup>th</sup> April 2017 was taken by the Director of Resources and Housing as a Key decision of which this scheme forms a part as set out in 7.7 above. The decision set out in this report is a Significant Operational Decision taken as a direct consequence of that previous Key decision and is not therefore subject to Call In.
- 8.2.** There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 8.3.** Leaseholders have been informed of the project and have received the appropriate correspondence in line with national guidelines. They have been informed of their rights to offer comments during the statutory leaseholders' consultation period.
- 8.4.** The Yorbuild 2 Framework has been procured in accordance with the Public Contracts Regulations 2015 and there are no procurement implications in seeking to call-off from the Yorbuild 2 Framework in the way proposed.
- 8.5.** However, when making their decision the Director of Resources and Housing should be satisfied that the course of action proposed represents value for money to the Council.
- 8.6.** Planning permission has been sought and the development must begin within three years from the date of permission (February 2017). The development must be carried out in accordance with the approved plans listed in the Plans Schedule. Prior to commencement of the works, the colour finish for the render shall be submitted to and approved in writing by the Local Planning Authority. The approved colour shall thereafter be implemented and maintained as such unless otherwise first agreed in writing by the Local Planning Authority.

## **9. Risk management**

- 9.1.** As Landlord, Leeds City Council has an obligation under section 11 of the Landlord and Tenant Act 1985, to keep in repair the structure and exterior of the dwelling. Therefore, due to the health and safety concerns regarding the structures of these blocks (including render or even concrete falling from one of the Shakespeare blocks), doing nothing is not considered to be a viable option, as the council would be failing to fulfil its statutory obligations and could create a detrimental risk to the blocks, residents and Council.
- 9.2.** A full options appraisal has been carried out and various procurement options considered. By utilising an approved framework, in this case Yorbuild 2, the Council has access to high quality contractors who have undergone a rigorous quality evaluation. This option will also reduce the

procurement timescales, as these contractors have been pre-qualified and selected and there is no requirement to repeat the process. Value for money can be safeguarded as certain rates are capped at levels which were competitively tendered in order to be appointed to the framework.

- 9.3.** There is always a risk that the tendered rates received following the competitive exercise could be significantly more than the pre-tender estimate. This risk has been mitigated as far as possible in that the Mason Clark Associates quantity surveyor as well as the Resources & Housing surveyors have checked cost estimates giving confidence in the figures presented.
- 9.4.** It is anticipated that installation of the direct heating works from the Recycling and Energy Recovery Facility (RERF) will take place in the near future. Therefore careful site management, including compound location, traffic management, and installation of works will need to be considered should the two schemes be programmed to be on site at the same time. As co-ordination has taken place this is highly unlikely to happen.
- 9.5.** The outer coating applied to the blocks is a render protected external wall insulation system based on non-combustible mineral fibre. This is then mechanically fixed with meshcloth, reinforced render and a texture finish. The system specified is classified as non-combustible in fire performance terms and will exceed all minimum standards of building regulations (approved document part B).

## **10. Conclusions**

- 10.1.** This scheme forms part of the Housing Leeds Capital Programme 2017-2020, and is being commissioned in response to structural information that has demonstrated that these blocks are in need of both render repairs and better energy performance.
- 10.2.** The procurement route chosen for this scheme will ensure that there is meaningful competition that will increase the likelihood of obtaining value for money bids from contractors.

## **11. Recommendations**

- 11.1.** The Director of Resources and Housing is requested to;
  - i. In accordance with Contract Procedure Rule (CPR) 3.1.8, approve the invitation of tenders via the Yorbuild 2 framework for the delivery of external building works to three blocks Shakespeare Grange, Towers and Court Leeds, LS9 7UD.
  - ii. Note that in line with pre-tender estimates of £3.9m, current authority to spend is £2.42m up to the end of 2017/18 with an additional £1.48m being sought as

part of the overall Housing Leeds 2018/19 refurbishment programme in order to provide financial provision to deliver the works.

- iii. Note that the evaluation of the tenders will be on a price / quality ratio of 70% price and 30% quality. The questions and weightings that make up the quality tender evaluation criteria have been prepared and approval is sought in line with CPR 15.1 to invite tenders on this basis.

## **12. Background documents**

- 12.1.** Appendix 1 Equality, diversity, cohesion and integration screening.