

Report of Chief Officer Leeds Building Services

Report to Director of Resources and Housing

Date: 11th December 2017

Subject: Sprinkler Programme – Waiver of CPR 9.1 and 9.2 to seek to agree a long term contract arrangement with an external provider and to seek additional resources within LBS to help delivery of this major programme

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Beeston & Holbeck, Burmantofts & Richmond Hill, City & Hunslet, Farnley & Wortley, Killingbeck & Seacroft		
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:		

1 Summary of main issues

- 1.1 Before the tragic fire at Grenfell Towers in London, Housing Leeds started a programme of retro-fitting sprinkler systems to our high-rise blocks. Housing Leeds initially focussed on blocks reserved for older people, who may be more vulnerable in the event of a fire.
- 1.2 Six blocks have already been retro-fitted with sprinklers. Eight other blocks have been identified as requiring action. This specialist work has been undertaken by Armstrong Priestley in conjunction with Leeds Building Services.
- 1.3 The existing contract arrangements which were secured in a competitive process expire at end February 2019 and the total value of work envisaged at the time did not anticipate the level of investment now required to ensure all these priority schemes get addressed in a timely manner.
- 1.4 A waiver of Council Contracts procedure rules 9.1 and 9.2 – high value procurements is therefore required in order to secure the continued specialist support of Armstrong Priestley to complete this work and to provide enough time for new long term contractual arrangements to be put in place to continue the investment needed across the remainder of the Council's stock. It is proposed for a new contract to be negotiated to undertake the schemes identified within this report together with additional prioritised schemes up to a value of £3.76 million over the next three years with the option for a further 12 months.

- 1.5 At the same time as increasing the value of work given to Armstrong Priestley, the Council also needs to increase the staffing capacity it has in Leeds Building Services to undertake the complementary enabling works delivered by the Council in order for the sprinklers to be fitted. This report also sets out proposals to recruit additional staff at a cost of £490,415 to deliver this programme of work.
- 1.6 It is expected that the proposed strategy will add a further layer of protection to tenants, reflecting on the vulnerability of individuals in our blocks and the recommendations of fire chiefs. This is not a solution that purely relies on sprinklers in order to prevent the spread of fire. It is felt that this approach offers the most timely and cost effective way forward.

2 Recommendations

- 2.1 That the Director of Resources and Housing is recommended to approve the waiver of contracts procedure rules 9.1 and 9.2 – high value procurements and award a contract to Armstrong Priestley in order to complete a minimum of eight additional tower blocks plus any further identified priority schemes up to a maximum of £3.76 million. The contract shall commence in February 2018 and expire on 31 January 2021 with the option to extend for a further period of 12 months.
- 2.2 That the Director of Resources and Housing grants approval for the creation of 15 positions within Leeds Building Services at a cost of £490,415 as outlined in this report to support the delivery of the sprinkler retro-fitting programme to be delivered by Armstrong Priestley as described in this report.

1 Purpose of this report

1.1 The purpose of this report is to seek approval for a waiver of Contracts procedure rules 9.1 and 9.2 – high value procurements to secure the continued supplier arrangements with Armstrong Priestley for the next 3 years in order to complete some fire sprinkler works to multi-storey tower blocks. The proposal is to award a contract to Armstrong Priestley in order to complete a minimum of eight additional tower blocks plus any further identified priority schemes up to a maximum of £3.76 million. The contract shall commence in January 2018 and expire on the 31 December 2021 with the option to extend for a further period of 12 months.

1.2 The report also seeks approval for the creation of additional positions at Leeds Building Services to provide adequate trade related resources to support the delivery of these important works as part of the fire sprinkler programme.

1.3 Background information

1.4 Prior to the Grenfell Towers tragedy, Housing Leeds had already commenced the retro-fitting of sprinklers to high-rise blocks predominantly those occupied by older people. Six blocks have already been retro-fitted with sprinklers through an existing contractual arrangement with Armstrong Priestley which provides for specialist installation of the sprinklers by them, supported by enabling works (joinery, boxing in etc.) to be undertaken by the Council's internal service provider, Leeds Building Services. The current sub-contracting arrangements with Armstrong Priestley had a contract value £374,000 and are due to expire at the end of February 2019, however actual expenditure under this contract has only been £240,000, as 2 (Sherburn Court and Carlton Croft) of the original 5 blocks were omitted – see 1.7 below.

1.5 The Council has previously identified that none of its tower blocks are at risk from the same form of cladding as used at Grenfell Tower and that all the cladding systems used on blocks owned and managed by Leeds City Council have been tested and approved. However, as a result of the tragic events at Grenfell Towers it was decided to prioritise the remaining retro-fitting of sprinkler systems to Leeds City Council's high-rise blocks.

1.6 Work has already been completed to the following blocks

- Queensview – previous waiver of CPRs
- Marsden Court – previous waiver of CPRs
- Rycroft Green
- Burnsall Court
- Crescent Grange – previous waiver of CPRs
- Queenswood Court

1.7 Two other blocks at Sherburn Court and Carlton Croft are managed under PFI contracts and discussions continue with the PFI contractors to programme that work which is currently anticipated to take place from April 2018.

1.8 Following the Grenfell Towers tragedy, the potential to extend the existing sprinkler programme was explored. The following set of criteria was used to evaluate the remaining blocks and to produce a prioritised list of blocks to be retro-fitted with sprinkler systems as follows:

- Sheltered Housing Accommodation
- Height, number of storeys
- Occupancy / No of apartments
- Presence of a single staircase or basement car park
- History of fires within apartments
- History of fires within common areas / refuse chute/room
- Vulnerable customers
- Gas installation
- Enhanced Blocks / ASB

1.9 As a result of consideration of the above criteria, the following blocks have been prioritised and identified as requiring works

Name of block	Number of storeys
Cottingley Heights	24
Cottingley Towers	24
Gamble Hill Croft	12
Gamble Hill Grange	12
Naseby Grange	17
Crescent Towers	17
Marlborough Towers	17
Parkway Towers	17

1.10 The Council contract with Armstrong Priestley at contract award in September 2016 was for the figure of £374,000 and that the contract period would run until

the end February 2019. However, current expenditure is just £240,000 as two sets of blocks were omitted.

- 1.11 As a result of the changes to priorities following the Grenfell Towers tragedy, the Council has identified that additional work of at least £1.2 million would be needed to complete the sprinkler fitting to the above eight blocks identified at 2.6. In addition, the Council now needs to procure a future supply arrangement to help it deliver a longer term investment requirement of around £22 million in additional sprinkler works resources, but would need at least 18 months in order to secure that through an appropriate competitive procurement exercise. In the interim period, it is proposed to retain the services of Armstrong Priestley to ensure that this priority investment programme can continue.
- 1.12 Works to the value of £1.2million have been identified across eight priority blocks leaving a further scope for £2.56 million should the waiver for a total of £3.76 million be approved.

2 Main issues

Reason for contracts procedure rules waiver

- 2.1 There are five primary reasons for the request for CPRs to be waived in respect of this programme of works. The reasons are
- The existing contract arrangements are insufficient to meet the required value of works needed under the priority programme and these arrangements will likely expire before the remaining priority works can be completed;
 - The existing contract arrangements will expire before new longer term supply arrangements can be put in place to deliver the remaining improvement works of around £22 million, so these interim arrangements will ensure continuity of service delivery and provide the Council with a formalised contingency arrangement should further accelerated programme works be required;
 - To ensure these works can be completed as “time is of the essence” in respect of delivering the sprinkler works to the priority identified tower blocks at 2.6 as shown in this report;
 - To ensure the existing proven supplier arrangements can be retained when the market consists of a relatively low number of suppliers in a situation of high demand; and
 - To achieve value for money as initial discussions have indicated that the existing supplier is amenable to negotiating continued service provision without seeking excessive increases in pricing and the national demand for this type of specialist service is likely to see significant increases in price as the demand for these services increases and there is likely to be a concentration of resources in areas of higher price and costs (encouraging suppliers to switch operations to those areas where they can secure longer term and more lucrative contracts).

- It is expected that the proposed strategy will add a further layer of protection to tenants, reflecting on the vulnerability of individuals in our blocks and the recommendations of fire chiefs. This is not a solution that purely relies on sprinklers in order to prevent the spread of fire. It is felt that this approach offers the most timely and cost effective way forward.

2.2 The delivery arrangements involve a joint approach involving the Council's internal service provider, Leeds Building Services where LBS undertake enabling works which broadly equate to 75% of the work on this programme to 25% provided by Armstrong Priestley as an approved sub-contractor. Therefore this waiver should the extension be implemented will provide for up to a total value of £16 million of work to be undertaken over 4 years (with up to £12 million delivered by LBS). LBS are capable of delivering this activity, subject to consideration and approval of additional resource requirements set out in a later section of this report.

Consequences if the proposed action is not approved

2.3 If these arrangements are not approved then the likely consequences are that

- The value of the existing contract with Armstrong Priestley will be exhausted and result in either the Council incurring significant level of non-contract spend or being subject to external legal challenge;
- The term of the existing contract with Armstrong Priestley will expire and result in service interruption between February 2019-November 2019 as a minimum whilst alternative contract arrangements were put in place through a competitive tendering exercise;
- The Council will incur additional expenditure in respect of a new competitive tendering exercise and be at higher risk of failing to secure competition and value for money at the current time due to the high level of demand that will exist for specialist services of this kind. The risks are likely to diminish if a competitive procurement exercise can be deferred for a number of years whilst the initial peak of national demand is addressed by other landlords and procuring authorities;
- A significant risk that the existing supplier will be secured by other procuring authorities and become unavailable or far more expensive to secure through a new procurement exercise.

Advertising

2.4 This opportunity has not been advertised for the reasons of urgency identified in this report and to take account of the specific circumstances of this particular programme and the market conditions that exist due to the likely national demand for similar specialist services.

2.5 Whilst the value of the waiver is significant, the nature of the works required and the need for continuity in service delivery and contracting arrangements means that securing the continued specialist services of Armstrong Priestley is essential.

- 2.6 Although the type of work might be of interest to a wider group of specialist contractors, it is considered that in the current market context with such significant publicity and demand on a national level, the Council's action in restricting this opportunity to its existing supplier is justified.
- 2.7 There are consequent and related resource requirements for the Council's internal service provider (LBS) if these priority works can be delivered, and the next section of this report identifies the additional resource needs and requirements that need to be put in place if the Council is to deliver the overall programme of sprinkler works.

Reason for additional recruitment of staff at Leeds Building Services

- 2.8 As noted above, it has been identified that the prioritised list of high-rise blocks cannot be completed before expiry of the current contract with Armstrong Priestley without additional resources being recruited to LBS.
- 2.9 Analysis of the requirements of the additional resources required on the LBS staffing structure has identified that there is a requirement for two Business Support Officers, two team leaders, 10 multi-skilled operatives and an electrician. There will also be opportunities for apprentices to be assigned to this important work.

Position	Salary (based on 2018-19 costs)
2 x Business Support Officer B3	£49,868
2 x SO2 Team Leader	£76,742
10 x Multi-skilled operatives	£328,687
1 x Electrician	£35,118
Total	£490,415

- 2.10 The above job roles already exist so would not require the creation of new job descriptions.
- 2.11 LBS cannot recruit to the additional posts required to deliver the prioritised sprinkler programme until they are created on the structure. Due to the proposed expenditure required to support these posts this will require a key decision.

3 Corporate Considerations

3.1 Consultation and Engagement

- 3.1.1 The proposals for delivering the priority sprinklers programme have been subject to extensive discussions with the senior elected members and officers of the Council. The Lead member for Housing and the Director of Resources and Housing are both supportive of the investment works being delivered.
- 3.1.2 The Chief Procurement Officer has been consulted about the proposed waiver arrangements and is supportive of the approach set out in this report.
- 3.1.3 Local HR and the relevant Financial Management team will be consulted in relation to this requirement.
- 3.1.4 Staff and trade union representatives will be consulted in relation to this requirement.
- 3.1.5 Recruitment to the posts would comply with council recruitment and selection policy and procedures including engagement with the Resourcing team and the talent pool.

3.2 Equality and Diversity / Cohesion and Integration

- 3.2.1 The delivery of these essential works have been identified to meet the health, safety and well-being needs of some of the most vulnerable tenants in Leeds.
- 3.2.2 Recruitment to these posts would comply with the council recruitment and selection policy and procedures.
- 3.2.3 An equality impact screening report is attached at appendix 1 and states that equality impact assessment is required.

3.3 Council policies and City Priorities

- 3.3.1 These essential works support the Council's Best Council plan directly through supporting a number of the key outcomes for people in Leeds including
- Be safe and feel safe
 - Enjoy happy, healthy, active lives
 - Live in good quality, affordable homes within clean and well cared for places
- 3.3.2 These recruitment to the identified posts will enable LBS to deliver this high priority safety work and to support the Best Council Plan.

3.4 Resources and value for money

- 3.4.1 These additional posts within Leeds Building Services will provide value for money for the council as they will support the delivery of the Best Council Plan and ensure that the council is minimising potential risk to its tenants.
- 3.4.2 The funding for these works has been identified from the Council's housing capital programme. The cost of works will be absorbed over the next 2-3 years as part of the Council's continuing investment programme already approved as part of the long term business plan for housing.

3.4.3 Negotiations with Armstrong Priestly are on-going as described at paragraph 3.1. Before the contract is entered into or any orders are placed the Head of Strategy and Investment shall be satisfied that the rates and overall terms and conditions agreed are in line with the market and represent best value to the Council taking account of all the factors outlined in this report.

3.5 Legal Implications, Access to Information and Call In

3.5.1 This is a Key Decision for both recommendations and is therefore open to call – in.

3.5.2 The value of this contract is below the threshold for the application of the Public Contracts Regulations 2015 in relation to works. Therefore this direct appointment does not directly contravene the procurement regulations. However, it should be noted that the principles of equal treatment and transparency apply to all public procurements particularly any that may be of cross border interest. It is not considered that this contract would be of cross border interest but the risk of challenge cannot be entirely ruled out.

3.5.3 A direct appointment of this value would only be considered in exceptional circumstances such as those outlined in this report.

3.5.4 The contents of this report are not considered to be exempt or confidential under the access to information rules detailed in the constitution.

3.6 Risk Management

3.6.1 Implementation of this proposal will enable the reduction of risk to tenants by the prioritised retro-fitting of sprinklers.

3.6.2 The risks associated with taking no action have been identified within the body of this report.

3.6.3 If the additional posts are not approved for creation and recruitment, the prioritised sprinkler programme will not be delivered during the existing contract term with Armstrong Priestley.

4 Conclusions

4.1 Creation of the identified posts on to the LBS staffing structure is critical to ensuring that LBS can deliver the prioritised retro-fitting of sprinkler systems to Leeds City Council's high-rise blocks.

4.2 These posts will provide key resource and deliver value for money for the council.

4.3 The proposal will secure the services of Armstrong Priestley for a longer period of time to deliver a major and important programme of work.

5 Recommendations

5.1 That the Director of Resources and Housing is recommended to approve the waiver of contracts procedure rules 9.1 and 9.2 – high value procurements and award a contract to Armstrong Priestley in order to complete a minimum of eight

additional tower blocks plus any further identified priority schemes up to a maximum of £3.76 million. The contract shall commence in February 2018 and expire on 31 January 2021 with the option to extend for a further period of 12 months.

- 5.2 That the Director of Resources and Housing grants approval for the creation of 15 positions within Leeds Building Services at a cost of £490,415 as outlined in this report to support the delivery of the sprinkler retro-fitting programme to be delivered by Armstrong Priestley as described in this report.

Equality, Diversity, Cohesion and Integration Screening – Organisational change impacting on the workforce



As a public authority we need to ensure that all organisational change arrangements impacting on the workforce have given proper consideration to equality, diversity, cohesion and integration.

Equality and diversity will always have relevancy to organisational changes which impact on a diverse workforce. If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration then you have already carried out an impact assessment.

A **screening** process is a short, sharp exercise, which completed at the earliest opportunity will help to determine:

- whether or not equality, diversity, cohesion and integration is being/has already been considered, and therefore
- whether or not it is necessary to carry out an impact assessment.

Directorate: Resources & Housing	Service area: Leeds Building Services
Lead person: Simon Costigan	Contact number: 0113 3181337

1. Please provide a brief description of the organisational change arrangements that you are screening
Request for approval for the creation of additional staffing positions on the Leeds Building Services organisational structure

2. Consideration of equality, diversity, cohesion and integration checklist		
Questions	Yes	No
Have you already considered equality and diversity within your current and future planning	X	
Where you have made consideration does this relate to the range of equality characteristics	X	
Have you considered positive and negative impacts for different equality characteristics	X	

Have you considered any potential barriers for different groups	X	
Have you used equality information and consultation where appropriate to develop your proposals	X	
Is there a clear plan of how equality areas identified for improvement will be addressed	N/A	

If you have answered **no** to the questions above:

- there may be gaps in your equality and diversity considerations and you should complete an equality and diversity, cohesion and integration impact assessment (organisational change). Please go to **section 4**

If you have answered **yes** to the questions above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 3**.

<p>3. Considering the impact on equality, diversity, cohesion and integration</p>
<p>If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.</p>
<p>Please provide specific details for all three areas below (use the prompts for guidance).</p>
<ul style="list-style-type: none"> • How have you considered equality, diversity, cohesion and integration? (think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected <p>This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of LBS by 15FTE.</p> <p>Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.</p> <p>Local HR and the relevant Financial Management team will be consulted in relation to the proposal to create the required posts.</p> <p>Staff and trade union representatives will be consulted in relation to the proposal to create the required posts.</p>
<ul style="list-style-type: none"> • Key findings (think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of LBS by 15FTE.

Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.

• **Actions**

(think about how you will promote positive impact and remove/ reduce negative impact)

This proposal will affect our workforce and result in organisational change in that it will increase the full time equivalent (FTE) staff numbers of LBS by 15FTE.

Recruitment to the posts would be in line with the usual council recruitment and selection policy and procedures, and as such would include engagement with the resourcing team and the talent pool. Recruitment to the posts would be undertaken with due regard to equality, diversity, cohesion and integration considerations.

4. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.

Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

5. Governance, ownership and approval

Please state here who has approved the actions and outcomes of the screening

Name	Job title	Date
Simon Costigan	Chief Officer	
Date screening completed		

6. Publishing

Though **all** key decisions are required to give due regard to equality the council **only** publishes those related to **Executive Board, Full Council, Key Delegated Decisions** or a **Significant Operational Decision**.

A copy of this equality screening should be attached as an appendix to the decision making report:

- Governance Services will publish those relating to Executive Board and Full Council.

- The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions.
- A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record.

Complete the appropriate section below with the date the report and attached screening was sent:

For Executive Board or Full Council – sent to Governance Services	Date sent:
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent: