

**Report of Head of Leeds Building Services and Head of Strategy & Investment**

**Report to Director of Resources and Housing**

**Date: 24 April 2020**

**Subject: Approval to call-off from an existing framework for specialist works for retro-fitting of Automatic Sprinkler Systems to a further 16 housing high-rise blocks**

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Hyde Park & Woodhouse, Armley, Burmantofts and Richmond Hill, Beeston & Holbeck, Killingbeck & Seacroft, Chapel Allerton, Kirkstall	
Has consultation been carried out?	<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
Will the decision be open 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**

**1. Main issues**

- As part of the council's plans to continue to invest in fire safety and keeping housing residents safe, works are planned to retro-fit sprinklers in a further 16 high rise blocks across the city over three years from summer 2020.
- Leeds Building Services (LBS), as the inhouse service provider, deliver sprinklers works for Housing. About three quarters of this work is done inhouse. However given the specialist nature of some elements of the works these need to be done by an external contractor working with and for LBS.
- The total value of the planned works is approximately £9.6m; included in this total the value of the external contract for specialist works is £2.86m.
- The LBS existing single supplier framework contract with Armstrong Priestley for specialist works related to sprinkler retro-fitting was awarded in summer 2018, and provides a means to call-off this contractor for these works. This would be the second call-off under the framework.
- By autumn 2020 the council aims to have installed sprinklers in 37 high rise housing blocks in Leeds. This contract will enable the council to continue improving its housing stock, so that 53 blocks in the city will have them fitted by March 2023.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The programme will contribute to the Best Council Plan outcomes of everyone living in good, quality affordable homes within clean and well cared for places; and for everyone to be safe and feel safe.

## **3. Resource Implications**

- The projected capital cost of the sprinkler installation work is £9,606,429 and will be funded from the Housing Revenue Account (HRA) and is part of the Housing Capital Refurbishment Programme.
- The cost of works will be spread over three years; approximately £2.5m in the 2020/1 financial year, and then £3.6m and £3.6m in the two subsequent years.
- Estimated long term revenue costs for servicing and maintenance are up to £48k per year, in total for all 16 blocks.

## **Recommendations**

The Director of Resources and Housing is requested to

- a) approve the plan to retrofit sprinklers to a further 16 high rise housing blocks in Leeds by March 2023, prioritised through an approach agreed with fire safety partners;
- b) grant Authority to Spend for the sum of £9,606,429 over the financial years 2020/21 – 2022/23 for these capital works; funded from within this,
- c) approve a call-off from Leeds Building Services' existing framework contract for approximately £2.86m for the specialist works of retro-fitting Automatic Sprinkler Systems to 16 housing high rise blocks; and as a result
- d) approve the award of the contract to Armstrong Priestley Limited, as this is a single supplier framework.

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

- 1.1 The purpose of this report is to seek approval and authority to spend for a programme to retrofit sprinklers to 16 housing high rise blocks over three years to March 2023, and for Leeds Building Services to call-off from the council's existing framework contract for approx. £2.86m for the specialist elements of the works.
- 1.2 The report also seeks approval of the contract award to Armstrong Priestley Limited, as this is a single supplier framework.

## **2. Background information**

- 2.1 Leeds City Council has one of the highest number of housing high rise blocks in the country, with 118 blocks (of five stories and above, and including private finance initiative managed stock). The council has invested in fire safety over the years previous to Grenfell and continues to prioritise fire safety.
- 2.2 The council's high rise housing blocks are fully fire safety compliant. Fire protection and safety works have been ongoing since 2012. These include fitting of fire doors, 'fire stopping' to achieve compartmentation, and making sure fire safety advice and signage is in place; with the council and West Yorkshire Fire and Rescue Service working closely together.
- 2.3 Sprinkler installations add a further layer of protection. The purpose of sprinklers are to put a fire out in a flat and help save individuals who might not otherwise be able to escape.
- 2.4 As at March 2020 the council has completed the retro-fitting of sprinklers to ten high rise blocks. The first high rise buildings to be completed were the council's sheltered accommodation (Retirement LIFE) which accommodate some of our most vulnerable tenants.
- 2.5 A further 27 blocks are having works undertaken, with completions scheduled between March and summer 2020.
- 2.6 Works in the ten completed blocks, and six further ones, have been undertaken by Leeds Building Services working with Armstrong Priestley as the specialist contractor. The other 21 blocks are being retrofitted with sprinklers as part of the Leeds PIPES project, minimising disruption to residents by aligning activity.
- 2.7 In January 2018 a key decision was approved by the Director of Resources and Housing to enter into a contract with Armstrong Priestley Ltd to support delivery of the sprinkler programme, following which a framework contract was set up and a call-off contract for eight blocks awarded. The framework contract currently expires on 31<sup>st</sup> January 2021; a link to the published decision report is in the background documents.

## **3. Main issues**

- 3.1 Prioritisation of blocks for sprinklers retro-fitting is complex, and takes into account factors including the height of the block, occupancy, number of flats, resident demography (e.g. sheltered), single staircase, history of fires, anti-social behaviour, presence of gas, protection for fire and rescue personnel, refurbishment, vulnerable residents, underground car park / garages, and business continuity / resilience measures.

- 3.2 The rationale for blocks prioritisation has been developed working with West Yorkshire Fire & Rescue Services. Regular reviews are undertaken by the Corporate Fire Safety Manager.
- 3.3 Funding for further blocks has been prioritised from the Housing Capital Programme. This will enable current sprinkler retrofit activity undertaken by LBS to continue after May 2020.
- 3.4 In line with the council's previous approach to delivery of the housing high rise sprinkler programme, and in line with Contracts Procedure Rule (CPR) 3.1.4, the works are to be undertaken by LBS as the in house service provider.
- 3.5 However, the specialist elements that cannot be undertaken inhouse require an external contractor. As an existing provider third party contractual arrangements are in place it is proposed to be used. In line with CPR 3.1.6 this decision to call off from this framework is a separate delegated decision, and given its value of £2.86m this is a key decision.
- 3.6 Armstrong Priestley have fully met the council's requirements and performance standards to date. The works have been completed to planned timescales and quality.
- 3.7 Works under a new contract would be planned to start from summer 2020 and be completed by March 2023.
- 3.8 It should be noted that programming of which blocks are undertaken when is linked to a range of factors, including the extent to which any electrical rewiring is needed prior to works starting.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 This report has been developed by Housing and Leeds Building Services, consulting with the Corporate Fire Safety Manager. Project and procurement staff have been involved throughout the process, as have Housing planned works and finance colleagues. Housing responsive repairs have been consulted in relation to ongoing maintenance costs. Commercial and legal advice has been secured from Procurement and Commercial Services.
- 4.1.2 Consultation has also been undertaken with Councillor Coupar, as Executive Member for Communities.
- 4.1.3 As part of normal business procedures local Ward Councillors, as well as residents, of blocks that are planned to receive sprinkler works will be consulted by housing and engaged well in advance of any works being started on site. Activities will include consultation events on site with Ward Councillors and the Area Office involved (if possible, and as appropriate given COVID-19 challenges) as well as written information and support from dedicated technical officers. To help residents better understand planned works, and also see what the sprinklers will look like, mock-ups of the sprinkler systems are planned to be placed in communal areas. From previous experience residents have found this beneficial as they could see first-hand the works that were to be installed and recognise the benefits of the programme. A dedicated site team will also be available to deal with resident queries and any issues that arise.

- 4.1.4 Where any blocks are under the management of a private finance initiative organisation, consultation takes place with that organisation. This is to make sure any contractual concerns including insurance arrangements are appropriately resolved upfront.
- 4.1.5 Leaseholders who have flats in our housing high rise buildings are not charged for sprinkler retro-fitting works. Therefore it is not necessary to follow legal leaseholder consultation processes.

## **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment for sprinkler systems has been undertaken and is attached at Appendix 1. A key action identified is robust consultation processes for each block, this will form part of the ongoing delivery of the works and the contract management plan.

## **4.3 Council policies and the Best Council Plan**

- 4.3.1 The programme will contribute to the Best Council Plan outcomes of everyone living in good, quality affordable homes within clean and well cared for places; and for everyone to be safe and feel safe.
- 4.3.2 This work is strongly aligned with the Best Council Plan Housing Priorities, and our ambitions to:
  - 4.3.2.1 have housing of the right quality, type, tenure and affordability in the right places
  - 4.3.2.2 improve housing quality and standards
  - 4.3.2.3 enhancing the city and achieving growth in Leeds

### Climate Emergency

- 4.3.3 The Elected Members of Leeds City Council have recently declared a Climate Change Emergency, committing to becoming carbon neutral by 2030. With a vested interest in the climate Leeds City Council and Armstrong Priestley are working together to reduce the impact of the construction works on the environment.
- 4.3.4 Whilst installing sprinklers on site Armstrong Priestley employees and sub-contractors will implement their waste management policy and follow their standard environmentally friendly processes. They are required to reduce any negative effect on the environment and wherever practical, pipework is to be pre-fabricated off site prior to delivery to minimise site waste. The contractor will abide by their policy and specific materials and components will not be used in or form any part of the works.
- 4.3.5 The Contractor is required to meet all legislation, guidance and good industry practice in regards to environmental management. They are required to ensure non-hazardous material is disposed of at a tip approved by a Waste Regulation Authority.
- 4.3.6 There will be some unavoidable negative effects during construction, such as embedded carbon involved with transport of materials, construction traffic etc. Leeds City Council will work with Armstrong Priestley to explore opportunities to reduce carbon emissions. For example, by coordinating route planning and delivery schedules, LCC and Armstrong Priestley will be working jointly to reduce fuel consumption and lower exhaust emissions.

#### 4.4 Resources, procurement and value for money

- 4.4.1 Leeds Building Services as Internal Service Provider will undertake the sprinkler retrofit works on behalf of Housing Strategy & Investment. The total cost of the project is £9.6m; of which LBS' planned contract with Armstrong Priestley, for specialist works, is approximately £2.86m. The remaining costs of £6.74m are for the in house delivery by LBS.
- 4.4.2 Costings have been provided in the sum of £9.6m by LBS. Due diligence has been undertaken by the Quantity Surveyors in the Commercial Team for completeness and correctness. All elements of the work have been included in the costings, including all necessary uplifts and 'forward look' inflation up to March 2023.
- 4.4.3 The funding for these works will come from the Housing Revenue Account (HRA), and is part of the Housing Capital Refurbishment Programme.
- 4.4.4 The cost of works will be spread over three years with the first substantial spend on this programme in the 2020/21 financial year, where £2.5m has been identified to cover the costs of the first year of work.
- 4.4.5 The Housing Capital Refurbishment Programme for the three years 2020/21 – 2022/23 has £240m; currently £9.6m is earmarked for the sprinklers programme (£2.5m / £3.6m / £3.6m).
- 4.4.6 The capital programme is being reviewed and re-prioritised to reflect the council's response to COVID-19. As such, the sprinklers installation scheme, which involves mainly communal area works and only limited works inside individual dwellings (one day), will be progressed as far as possible, and any further future works will also be accelerated and prioritised if possible.
- 4.4.7 Budgets and estimated total capital costs associated with sprinkler works are reported annually to Executive Board as part of the Capital Programme approval.
- 4.4.8 Capital funding and cash flow table (Capital Scheme 32037/JE3/000):

Authority to Spend required for this Approval	TOTAL £000's	FORECAST				
		2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	9606.5	2483.2	3571.9	3551.4		
FURN & EQPT (5)	0.0					
INTERNAL DESIGN FEES (6)	0.0					
OTHER FEES / COSTS (7)	0.0					
<b>TOTALS</b>	<b>9606.5</b>	<b>2483.2</b>	<b>3571.9</b>	<b>3551.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Total overall Funding (As per latest Capital Programme)</b>						
	<b>TOTAL</b>	<b>FORECAST</b>				
	<b>£000's</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024 on</b>
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Housing Revenue Account	9606.5	2483.2	3571.9	3551.4		
Total Funding	9606.5	2483.2	3571.9	3551.4	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>

- 4.4.9 In relation to revenue impacts, the council will need to pay for annual servicing and repairs and maintenance after the 12 month defects period for each system. From

previous experience this is estimated as £3,000 per block; for 16 blocks longterm this will be £48k per year. Finance are aware of these revenue implications and are working with the service in relation to budget planning for future years.

- 4.4.10 The single supplier procurement framework for sprinkler retrofitting was set up in 2018, this is the second and last call-off planned. A competitive procurement is being planned for any future specialist works.
- 4.4.11 Housing's Commercial Team are closely involved in relation to costings. Armstrong Priestley costs for this call-off contract have increased since the 2018 framework was agreed, due to an increase in material costs as the programme is over three years. Other than this there has been no change since agreeing the framework, and a fixed price has been agreed for the three years. LBS costs are paid based on actuals.
- 4.4.12 The council will work with the contractor to programme the works in line with COVID-19 restrictions and guidance on safe working practices to enable as much of the programme as possible to be completed to plan. Discussions and due diligence has been undertaken with the contractor, and prior to contract award the council will reflect any updated programme dates in the contract terms.

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

- 4.5.1 The decision set out in this report is a key decision and subject to call-in.
- 4.5.2 The value of this contract is below the threshold for the application of the Public Contract Regulations 2015.

#### **4.6 Risk management**

- 4.6.1 This contract enables the reduction of risk to residents of the council's high rise blocks by delivering retro-fitting of sprinklers.
- 4.6.2 The contract management plan will be followed and all risks will be considered and mitigated. This will ensure robust and proactive management. This form of contract promotes good management of works in relation to time and cost; the contract terms and conditions have been reviewed to reduce the risk of potential contractual issues with the PFI organisations; and the engagement of the Corporate Fire Safety Manager has ensured we have an appropriate specification and approach for the works to be delivered.
- 4.6.3 In relation to management of risks and works delivery and effective contract management a risk register has been established to capture and monitor key risks. Housing Leeds and Leeds Building Services will continue to work with Armstrong Priestley to monitor and mitigate any risks. The risk register will be reviewed on a monthly basis and updated accordingly.
- 4.6.4 Housing and LBS will work closely together to manage risks to programme timescales, with an agreed programme and milestones regularly reviewed.
- 4.6.5 Given the current situation in relation to COVID-19 we are working to make sure that the health and safety of our contractors and our residents is our priority, and we will make sure that any contractors working will be doing so in line with government and construction sector guidance, and to an agreed method statement which will include explicit provision/conform to all government guidance to manage all risks associated with COVID-19 and contact with residents in the delivery of this scheme.

We will also continue to monitor any challenges for our contractors and their supply chain, including financial ones.

- 4.6.6 The risk of the project going over budget has been managed by the production of robust costings based on recent data. The Commercial Team will further manage the risk by closely monitoring the costs through production of monthly financial statements, and will liaise with LBS to maintain cost control and support the delivery of the project on budget.

## 5. Conclusions

- 5.1 Works are planned to retro-fit sprinklers in a further 16 high rise blocks across the city over three years from summer 2020, delivered by LBS as the in house service provider. LBS' existing single supplier framework contract with Armstrong Priestley for specialist elements of such works was awarded in summer 2018. This is the second call-off under the framework.
- 5.2 The contractor will work for and with Leeds Building Services to undertake works to 16 blocks. Securing these services from Armstrong Priestley will allow Leeds City Council to deliver a major and important programme of work.

## 6. Recommendations

The Director of Resources and Housing is requested to

- a) approve the plan to retrofit sprinklers to a further 16 high rise housing blocks in Leeds by March 2023, prioritised through an approach agreed with fire safety partners;
- b) grant Authority to Spend for the sum of £9,606,429 over the financial years 2020/21 – 2022/23 for these capital works; funded from within this,
- c) approve a call-off from Leeds Building Services' existing framework contract for approximately £2.86m for the specialist works of retro-fitting Automatic Sprinkler Systems to 16 housing high rise blocks; and as a result
- d) approve the award of the contract to Armstrong Priestley Limited, as this is a single supplier framework.

## 7. Background documents<sup>1</sup>

- 7.1 [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](#)

## 8. Appendices

- 8.1 Appendix 1 - equality, diversity, cohesion and integration impact assessment

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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.