



Report of Head of Strategy and Investment

Report to Chief Officer Housing

Date: 18th March 2021

Subject: Approval to award a construction contract for repair and improvement works to the Appletons and Saville Green high rise housing blocks.

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s):	Burmantofts & Richmond Hill
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information procedure rule number:	10.4 (3)
Appendix number:	1

Summary

1. Main issues

- As part of the council's plans to support communities, build a child friendly city and tackle poverty, repair and improvement works are planned to four high rise blocks in the east of the city. These are Appleton Close, Appleton Court, Appleton Square and Saville Green, in the LS9 district of Leeds.
- Following the key decision by the Director of Resources and Housing to competitively procure a contractor for this scheme, Kier Services Limited was identified as the preferred contractor and a contract was entered for design services after their successful stage 1 tender.
- This report now seeks approval to award the construction phase of the contract with Kier Services Limited, now that the design has been finalised and their stage 2 tender submission evaluated.
- Construction works are planned to commence on site from May 2021, and be completed by May 2022.
- This scheme supports the delivery of the city's high rise strategy, making these blocks safer and better for residents including families with children.

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

- The scheme 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.
- The works undertaken will make sure that the council is being responsible to the local needs of the tenants in the high rise blocks and making sure that the property is safe.
- This work is strongly aligned with the Best Council Plan Housing priorities, including improving housing quality and type.

3. Resource Implications

- This scheme will be funded via the Housing Capital Programme from the Housing Revenue Account (HRA). The first substantial spend on this project will be in the 2020/21 financial year.
- The contract value for the works is £4,004,055.80.

Recommendations

The Director of Resources and Housing is requested to;

- a) approve the award of the construction contract for repair and improvement works to the high rise housing blocks at Appletons and Saville Green to Kier Services Limited in the sum of £4,004,055.80.
- b) note that it is estimated construction will start on site May 2021 and last for twelve months.

1. Purpose of this report

- 1.1 The purpose of this report is to provide an update on the scheme and to obtain approval to award the construction contract.

2. Background information

- 2.1 This scheme is to deliver, repairs, maintenance and improvement works to the Appletons and Saville Green high rise housing blocks. Each block is 10 storeys high, with 239 flats in total.
- 2.2 Following a competitive procurement for a 2 stage tender exercise, a decision was made in August 2019 to award a design services contract (Stage 1) to Kier Services Limited for this scheme. Subsequently since this time, Housing Leeds and NPS Leeds have been working closely with this contractor in the development of the stage 2 construction contract.
- 2.3 A link to that decision report, and the preceding key decision on the scope and procurement of the scheme from August 2019, can be found in the background documents in section 7.
- 2.4 The scheme will provide a safer environment for residents, particularly young children, preventing not only any falls but jettisoning of refuse and unwanted items from the balconies. Other benefits include improved appearance of the blocks, and some residents (families in the 3 bed flats) will have increased storage space.

3. Main issues

- 3.1 The agreed scope of works for the construction contract will include:
- Enclosing of existing private balconies and associated works on the southern elevation of all blocks and at all levels from 1st floor to 9th floor. Each balcony will be enclosed to full height on each side, using large areas of glazing as well as perforated panels;
 - Implementation of anti-climb measures to the first-floor deck access walkways to all four blocks;
 - Option of creation of secure storage facilities on the first floor and above (nine rooms in each block, excepting Appleton Close from second floor and above);
 - Light refurbishments of some of the existing communal spaces;
 - Repairs to External Wall Insulation and render; and
 - Painting the external facades of each block, each block will have its own individual colour/identity. A muted colour scheme has been agreed, following stakeholder engagement including Ward Members and Planning.
- 3.2 Throughout the design period our technical consultants NPS Leeds have worked closely as part of the project team to support Housing Leeds to rigorously check that the contractor's design is fully compliant with our requirements, and those of Planning. Full planning permission was granted on the 31st July 2020.

- 3.3 In the development of the design one of the key challenges was finalisation of the balcony enclosures to make sure impacts on heating, ventilation and levels of daylight were explored and mitigated, and significant adverse effects on the flats avoided. The final design provides high level fanlights so residents can open a window should they wish to do so; the perforated cladding panels will act as a constant trickle vent maintaining high levels of ventilation; and the large areas of glazing will optimise daylight penetration. Building Control are satisfied with the proposals.
- 3.4 Following an extensive design period Kier Services Limited formally submitted their stage 2 tender on the 9th October 2020. Appropriate post tender evaluation has been carried out by the team including NPS Leeds and a Tender Analysis Report is enclosed as confidential Appendix 1 from the Commercial QS team.
- 3.5 Construction works are planned to start on site May 2021, and finish May 2022.
- 3.6 A Contract Management Plan has been developed that sets out how the contract will be managed to secure the best outcomes including the requirements of performance expected from the contractor. The planned benefits will also be monitored.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 This report has been developed by the Strategy and Investment project team who have been involved throughout the process. Advice has been secured from Procurement, Commercial and Legal Services, all of which have reviewed all proposals and supported the planned decisions.
- 4.1.2 Initial consultation was undertaken in October 2017 with Ward Members, Housing Management and residents, including the local Tenant and Residents Association. This has continued throughout the DSA and included Ward Member consultation events in February and March 2020. Ward Members were informed when the design was slightly amended and had no comments on the revisions.
- 4.1.3 The consultation events pre-COVID19 were attended by Ward Members, Kier Services Limited and their appointed Architect as well as the Project Manager. These allowed Ward Members the opportunity to ask questions, discuss plans and timescales as well as feedback and were well received. Following COVID19 the Project Manager has been updating Ward Members on a regular basis on the design development and progress via email, again these have received positive feedback and buy in from Members.
- 4.1.4 Resident events have not been possible onsite given COVID19 restrictions so in early June 2020 residents of the blocks and Ward Members were updated via newsletters detailing key contact details, scope of works and timescales. Ongoing communication is to be shared as the project develops and construction works start on site.
- 4.1.5 Kier Services Limited have also shared a resident engagement and communication plan with the Strategy and Investment project team and the local housing officer that details how they will liaise and share information with residents of the blocks.
- 4.1.6 The Executive Member for Communities has been consulted with and is in support of the project.

- 4.1.7 The eight leaseholders are being recharged for works in line with Council policy. They will be informed of the contractor who has been awarded the contract and advised of what the cost will be. This is in accordance with national guidelines and further consultation will be carried out before works commence on site.
- 4.1.8 It is proposed that Kier Services Limited will engage with the residents by letter and via consultation events dependant on COVID19 government guidelines. This will provide reassurance around the delivery of the works and address any queries, questions or concerns they may have. Residents have also been given contact details of the councils technical officer for the scheme to discuss any queries they have.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening and impact assessment was completed and published with the May 2018 key decision report.
- 4.2.2 This project will have an overall positive impact on equality, diversity and cohesion. For example, the planned works will promote health and well-being of residents e.g. enclosing the private balconies and installation and provision of secure storage facilities will allow residents internal storage space.

4.3 Council policies and the Best Council Plan

- 4.3.1 This work is strongly aligned to the Best Council Plan priorities and our ambitions to:
- keep people safe from harm, protecting the most vulnerable.
 - improve housing quality and standards.
- 4.3.2 Kier Services Limited will work with social enterprise 'Ahead Partnerships' based in Leeds City Centre to deliver pathways for young people to access employment opportunities through workplace visits and career fairs. This will help align the project to the inclusive growth agenda, part of the Best Council Plan. They will also have an allocated Social Value Manager in place who will be the driving force behind delivering the employment and skills commitments.

Climate Emergency

- 4.3.3 In 2019 the Elected Members of Leeds City Council declared a Climate Change Emergency, and we have a commitment to becoming carbon neutral by 2030.
- 4.3.4 The addition of an enclosed balcony to each property will improve energy efficiency. The housing blocks already have external wall insulation however as part of the planned repairs and improvements the external concrete render will be repaired and this will re-provide insulation to the flats.
- 4.3.5 Kier Services Limited are a registered member of the 'Considerate Constructors Scheme', as such environmental considerations to all elements of this scheme will be considered and managed. The council will work with the contractor to explore opportunities to reduce carbon emissions throughout the delivery stage. A minimum expectation will be the contractor will meet all legislation and industry practice in regards to environmental management.

4.4 Resources, procurement and value for money

- 4.4.1 The procurement process has been carried out in an open and transparent manner in line with Council Contract Procedure Rules.
- 4.4.2 A detailed analysis and review of the tendered price has been undertaken by the Quantity Surveyor in the Strategy & Investment commercial team. This was to ensure the price is both complete and fully compliant with the tender requirements and that the contract value is realistic and sustainable, and offers value for money.
- 4.4.3 Due diligence has been undertaken in regards to the contractors financial position.
- 4.4.4 Council capital funding will be provided from the Housing Revenue Account (HRA) and costs will fall into financial years 2020/21 and 2021/22.

Current Funding Position (shortfall of £0.54m) as below:

Total Scheme Budget (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2020 £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)	3,999.9	30.3	2,388.2	1,581.4				
FURN & EQPT (5)	0.0							
INTERNAL DESIGN FEES (6)	103.2	33.2	46.8	23.2				
OTHER FEES / COSTS (7)	40.8	40.8						
TOTALS	4,143.9	104.3	2,435.0	1,604.6	0.0	0.0	0.0	0.0
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Total Scheme Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2020 £000's	FORECAST					
			2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024 on £000's	
Housing Revenue Account	3,605.0	104.3	2,435.0	1,065.7				
Total Funding	3,605.0	104.3	2,435.0	1,065.7	0.0	0.0	0.0	0.0
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Balance / Shortfall =	-538.9	0.0	0.0	-538.9	0.0	0.0	0.0	0.0

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

- 4.5.1 This report is a Significant Operational Decision and not subject to call in. It is a subsequent decision of the key decision approved in May 2018.
- 4.5.2 The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents. The contractor has met all of the necessary criteria.
- 4.5.3 The Tender Analysis Report at Appendix A contains confidential information, and is exempt from publication in line with Access to Information Rule 10.4 (3). The information and financial details in this if disclosed would adversely affect the business of the Council and the business affairs of the organisations involved.
- 4.5.4 A Data Protection Impact Assessment has been undertaken. This has shown that the contractor will be a data processor. Council information governance requirements will be included in the contract.
- 4.5.5 In making their final decision, the Director of Resources and Housing should note the contents of this report and be satisfied that the course of action chosen represents best value for the Council.

4.6 Risk management

- 4.6.1 A risk register for the project is in place and has been managed throughout the DSA process to mitigate risks. The project team will continue to monitor the identified risks and consider any new risks moving forward through mobilisation.

- 4.6.2 Kier Services Limited and the Council have a shared risk register which is reviewed and monitored fortnightly at the regular progress meetings.
- 4.6.3 A contract management plan is in place and will ensure and provide for clear roles and responsibilities and regular review during the delivery of the works on site.
- 4.6.4 The risk of the project going over budget has been managed by the production of robust costings based on the tender analysis. The commercial QS team will further mitigate this by closely monitoring the costs. Good contract management through the construction phase will seek to ensure the project delivers on time and to budget.
- 4.6.5 Financial situation of Kier – As part of the preparation for the contract award financial due diligence checks have been carried out on both Kier Services Limited and the Kier Group in order to provide confidence and surety prior to contract award.
- 4.6.6 Health and Safety – Following the recent outbreak of COVID19, the health and safety of residents and construction staff is the council's priority. It is our responsibility to make sure that contractors working on this scheme will be doing so in line with government guidance and the Construction Leadership Council. Kier Services Limited have shared their Site Operating Procedures detailing how they are working on site safely. The allocated technical officer will supervise during the construction phase to ensure the health, safety and wellbeing of residents.
- 4.6.7 Timescales to meet construction delivery will also be regularly monitored to ensure works are completed on time. Progress against plan will be regularly monitored and any issues will be escalated to keep activity on track.
- 4.6.8 On site supervision by the Council's technical officer throughout the delivery of this scheme will ensure that any commitments made by the contractor are fully undertaken.

5. Conclusions

- 5.1 The procurement process has been undertaken in accordance with the Council's Contract Procedure Rules, and due diligence has been undertaken in relation to the contractor.
- 5.2 The award of this construction contract to Kier Services Limited should enable this scheme to be on site in May 2021 so that local residents will see the resulting benefits of the works by May 2022.

6. Recommendations

- 6.1 The Director of Resources and Housing is requested to;
 - a) approve the award of the construction contract for repair and improvement works to the high rise housing blocks at Appletons and Saville Green to Kier Services Limited in the sum of £4,004,055.80.
 - b) note that it is estimated construction will start on site May 2021 and last for twelve months.

7. Background documents¹

7.1.1 None.

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.