

**Report of:** Head of Strategy & Investment

**Report to:** Director of Communities, Housing and Environment

**Date:** 22 April 2021

**Subject:** Approval to procure a contractor to undertake repair and improvement works to the Marlborough Towers high rise block.

Are specific electoral wards affected? If yes, name(s) of ward(s): Little London and Woodhouse	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes <input 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? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## Summary

### 1. Main issues

- As part of the council’s activity to tackle the climate emergency, and to maintain and improve housing quality and standards, works are planned to repair and improve the Marlborough Towers high rise block, situated to the west of Leeds city centre.
- This scheme involves rectifying structural concrete degradation, installing external wall insulation for improved energy efficiency, replacing and resituating the existing canopy and foyer entrance to include the provision of a new bike store, alongside general refurbishments and landscaping works.
- The council’s joint venture partners NPS have been commissioned to provide technical consultancy services to the project. NPS will provide full design support services up to the tender out period. Following a competitive procurement the successful contractor will finalise the designs for the scheme.
- At this stage of design freeze the estimated pre-tender repair and improvement costs of this scheme are approximately £2.33m. The total cost of this scheme is estimated as £2.5m, including NPS technical consultancy fees. The contract award will be a separate resulting decision, and will agree a fixed price for the contractor works.

- Further repair and improvement works are also being planned to the Marlborough's estate including works to the Marlborough Grange low rise blocks, the underground garages, and wider estate improvements.

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

- This will contribute to the Best Council Plan priority of improving housing energy performance in homes, and maintaining housing quality and standards.
- Key benefits are expected to be:
  - Rectified structural concrete degradation resulting in improved safety and security of the Marlborough Towers high rise block.
  - Improved resident satisfaction ratings in relation to thermal efficiency and residents' perception of their living environment.

## **3. Resource Implications**

- The estimated capital cost of the works is £2.5m to be spent over the financial years 2021/22 and 2022/23. This will be funded via the Housing Capital Programme from the Housing Revenue Account (HRA). This scheme currently has funding of £2.5m allocated to it.
- The Strategy and Investment service is working to generate inward investment to support the delivery of this project, and to alleviate pressure on the capital programme budget.

## **Recommendations**

The Director of Communities, Housing and Environment is requested to:

- a) Approve this scheme of repair and improvement works to Marlborough Towers high rise block.
- b) Approve the competitive procurement of an external contractor, which is planned through the Efficiency North Framework, and;
- c) Authorise spend of £2.5m from the Housing capital programme over the financial years of 2021/22 to 2022/23 for the Marlborough's Improvement Scheme phase 1 works to Marlborough Towers.

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

- 1.1 The purpose of this report is to provide information on the Marlborough Towers high rise scheme and to gain approval to progress this, including authority to spend £2.5m from the capital programme, and approval of the procurement to engage an external contractor to deliver the works.

## **2. Background information**

- 2.1 The Marlborough's estate is situated west of Leeds city centre and comprises of one high rise and seven low rise blocks with underground garages within the estate's substructure. The Marlborough's improvement scheme seeks to deliver repair and improvement works in three phases to the whole estate.
- 2.2 The first phase of this project is a scheme that seeks to design, develop and deliver repair and improvement works in the Marlborough Towers high rise housing block.
- 2.3 Marlborough Towers is a 17 storey high rise block of Terson construction which was built in the 1960 and contains 99 flats. There are 22 leaseholder flats, of which 8 are occupied by the leaseholders and 14 are being rented out.
- 2.4 Each year Housing conducts an annual steeple jack structural survey of its high rise assets, our joint-venture partners NPS have ranked the Marlborough Towers as a high priority. NPS have outlined a schedule of repair works to rectify a number of structural degradations, and to address health and safety concerns.
- 2.5 The SAP (Standard Assessment Procedure) rating for Marlborough Towers has been calculated at 68.63 which places the properties within Band D on the Energy Performance Chart; this is below the city's average for housing stock (70) and requires improvement through carbon-reducing technologies.
- 2.6 In addition strategic onsite surveys undertaken in 2020, have determined that the existing entrance canopy suffers from concrete cracking and spalling which requires removal and replacement. The main foyer is also in a poor state of repair and requires refurbishment.
- 2.7 The intention is to benefit residents by improving the condition of the high rise block, as well as reducing fuel costs through thermal wall insulation and improving the visual aspect of Leeds city centre's western gateway.
- 2.8 The project team is supported by specialist technical expertise. This is being provided by the council's joint-venture partner the NPS Group. NPS have provided technical advice and design activity to RIBA stage 3, and will then provide ongoing advisory support throughout the tender and construction period to works completion.

## **3. Main issues**

- 3.1 The contractor's activities will consist of the completion of repair and improvement works to the Marlborough Towers.
- 3.2 This includes design of concrete rendering, external wall insulation render, canopy removal / refresh and the main foyer refurbishment, and; installing and undertaking all elements of the works, including:

- Identification and rectification of structural concrete degradation and spalling.
- Installation and commissioning of thermal external wall insulation (EWI) render.
- Removal and safe disposal of any existing timber windows and replacement with suitable thermally efficient double glazing.
- Removal and safe disposal of existing dilapidated canopy and the re-situation of a new entrance canopy.
- Refurbishment of the main entrance foyer to upgrade outdated flooring, ceiling, fire doors, general painting and refurbishments as well as the addition of a bike storage facility and shared community entrance space.

3.3 We have worked with our technical consultants (NPS) to progress project designs to RIBA Stage 3, and planning permission has been submitted. Following the procurement, the contractor will develop and submit their RIBA Stage 4 design proposals in line with an agreed post-contract award gateway process. This will ensure control over this scheme as it moves from mobilisation to construction.

3.4 An NEC4 Engineering and Construction Contract (ECC) Option A contract will be used. This is a lump sum contract with an activity schedule for pricing. This has been deemed the best approach for this project as the contract allows for design requirements to be set out, and a fixed price agreed. Each activity has an allocated price which directly correlates to the programme of works, offering greater cost certainty and control over the sequence of works.

3.5 A range of procurement options have been considered, in summary these are:

3.6 Option 1 – do nothing. Discounted, there would be no delivery of the scheme.

3.7 Option 2 – Leeds Building Services deliver in house. Discounted. The internal service provider was consulted as required by Contracts Procedure Rule 3.1.4 in relation to the works. LBS has confirmed that they do not have the necessary level of capacity to carry out these works.

3.8 Option 3 – Procure using an existing External Framework – Recommended. The following external frameworks have been considered; YORbuild, Efficiency North and Fusion21. All have been procured to be OJEU compliant and saving approximately three months as no PAS91 PQQ assessment is necessary. The council issued an expression of interest to all these frameworks; the Efficiency North framework provided the maximum returned interests. It has been agreed that for this procurement the Efficiency North framework will be utilised to maximise the quality and volume of tender returns.

3.9 Option 4 – Procure using Constructionline – Discounted. This option could be considered given the contract value is below the OJEU threshold. It would alleviate the requirement to carry out a PAS91 stage, given the contractors have been vetted via Constructionline. This approach would require an expression of interest stage which would potentially take 3-4 weeks to conclude. On this occasion, this is not the preferred procurement option.

3.10 Option 5 - Procure in a Leeds City Council contract – Discounted. This route could provide an opportunity to test the market through a competitive exercise using a bespoke specification, pricing documents, robust shortlisting and an evaluation process to determine the best value for money solution. This would include initially advertising to the open market via YORtender and carry out a pre-qualification process (PAS91) with bidders being evaluated through a price / quality evaluation

methodology. This route would require considerably more time, an estimated 3-4 months; so on this occasion it is not recommended.

- 3.11 The proposed procurement strategy will be a competitive single stage process through the Efficiency North framework. A contract will be awarded to undertake design and other activities to achieve council approval for all necessary in-scope repair and improvement works.
- 3.12 In line with CPR 15.2, the evaluation of competitive tenders within this procurement will be on an initial pass/fail threshold for quality, successful tenderers will then be assessed for the lowest feasible price. This approach shall ensure the best contractor available is selected for this high profile project at the most economically advantageous tender. The questions, thresholds and weightings that make up the tender evaluation criteria are being agreed and tenders will be invited on this basis in line with CPR 15.1.
- 3.13 Indicative timescales for this project include tender out late May 2021 with the contract awarded in October 2021. Following a design and mobilisation period works are planned to start onsite before the end of 2021, and complete in September 2022.
- 3.14 The use of Green Homes Grant and ECO3 funding are being investigated to support the project's costs and to alleviate pressure on the capital programme budget; sufficient reservations have been made from the Housing Revenue Account to cover the project's delivery should the funding not be secured.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 This report has been developed by Housing Strategy and Investment and the project team. Advice has been secured from Procurement, Commercial and Legal Services, all of which have reviewed all proposals and supported the projects planned delivery.
- 4.1.2 Initial consultation was undertaken in February 2021 with the Ward Councillors for Little London & Woodhouse. Detailed consultation with Ward Councillors will occur throughout the project's planned delivery.
- 4.1.3 The Executive Member for Communities has been consulted and is in support of the project.
- 4.1.4 Local resident engagement started in February 2021, including through the Tenants and Residents Association. As part of the competitive procurement, the evaluation criteria will include assessments of a contractors approach to resident communication and engagement.
- 4.1.5 Due to the extensive nature of the works, there will be a higher than usual cost to leaseholders. Payment options are currently being explored for leaseholders to either establish an extended interest free payment plan or a charge against their property. Where applicable, a combination of both these options may be made available to assist leaseholders with their contribution.

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

4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment has been undertaken and is attached at Appendix A.

4.2.2 Equality characteristics of particular note:

- Age - with circa 66% of residents aged 55+ an enhanced support package will be provided by the Planned Works team, to ensure effective communication and equality of opportunity for older residents to provide feedback throughout the project's delivery.
- Disability- with 22 known disability declarations, the delivery of the works will take into account known accessibility requirements for physical impairments. The project communications will be tailored for any identified mental impairments.

4.2.3 Council requirements in relation to equality and diversity will be included within the tender documentation. As part of the tender evaluation bidders' resident communication strategies will be assessed.

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

4.3.1 This work is strongly aligned to the Best Council Plan Housing Priorities and our ambitions to:

- Supporting communities and tackling poverty.
- Promoting sustainable and inclusive economic growth and improve housing quality and standards.

4.3.2 This scheme will directly benefit residents in the targeted high rise block. Currently there is a health and safety risk resulting from concrete spalling and cracking. The building is also under the city's average thermal performance (SAP rating D). The concrete cracking will be rectified and a new external wall insulation render finish will provide added thermal efficiency. These will benefit residents by reducing their average energy bills as well as improving the condition of their living environment.

4.3.3 The contractor will be required to work with the council to maximise job opportunities for Leeds residents. They will work with Employment Leeds, to support improving job opportunities within the city aligning the project to the inclusive growth agenda, part of the Best Council Plan. Bidders' social value offer will be captured and evaluated using the Social Value Portal.

#### Climate Emergency

4.3.4 In 2019 Leeds City Council declared a Climate Change Emergency, and a commitment to becoming carbon neutral by 2030. This project supports this ambition by reducing carbon emissions within the council's housing stock.

4.3.5 The benefits highlighted for this project contribute to meeting the Climate Emergency, on completion the energy efficiency of all flats will be at or above a SAP rating C.

4.3.6 Residents' satisfaction with heating and insulation has been measured in the 2018/19 STAR survey, with performance at 40% satisfaction, and will be repeated on completion of the works. An expected increase in residents' satisfaction with their heating and insulation is anticipated in the 2022/23 STAR survey.

4.3.7 The council will work with the contractor to explore all opportunities to reduce carbon emissions further. The contractor will also be required to meet all legislation and industry practice in regards to environmental management.

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

4.4.1 The procurement will be carried out in an open and transparent manner in line with Council Contract Procedure Rules and as required by the Public Contract regulations 2015 to identify best value.

4.4.2 Any contract will be managed by the Planned Works team. A contract management plan will be developed in line with Contract Procedure Rule 3.1.16.

4.4.3 Council capital funding will be provided from the Housing Revenue Account (HRA) and costs will fall into financial years 2021/22 to 2022/23. Funding of £2.5m has been allocated for this scheme. All costs have been reviewed by our commercial team and represents the best pre-procurement estimate of the cost for the scheme.

The capital funding and cash flow table is below:

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2021 £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)	0.0						
FURN & EQPT (5)	0.0						
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0	0.0					
<b>TOTALS</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>

  

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2021 £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)	0.0			2000.0	332.8		
FURN & EQPT (5)	0.0						
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0			100.0	54.0		
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>					

#### 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 This report is a key decision to seek approval of the scheme, authority to spend and to agree the procurement route. A resulting decision will be the significant operational decision for contract award, and will agree a fixed price for the contractor works.

4.5.3 It should also be noted that decisions in relation to the remaining phases 2 and 3 of the Marlborough's Improvement Scheme will be subject to subsequent decisions.

4.5.4 A Data Protection Impact Assessment has been undertaken as part of this project. This has shown that the contractor will be a data processor. Council information governance requirements will be included in the contract.

#### 4.6 Risk management

4.6.1 A risk register for the project is in place and will continue to be managed to monitor mitigate and identify any new risks. Once a contractor is in place the council will work with them to review risks regularly. Notable risks include:

- 4.6.2 External Funding – given the tight turnaround times alongside the resource required to submit a bid for external funding, it is not yet known whether an application will be possible, or successful. The service is exploring a range of funding opportunities to support the financial delivery of this project.
- 4.6.3 Health & Safety - given current circumstances in relation to COVID-19, the health and safety of residents and contractors is our top priority. We will make sure that any work on this scheme will be done in line with government guidance.
- 4.6.4 The project team will incorporate previous lessons learnt from other projects, including putting in place a clear communications strategy to support access to properties and to keep residents and wider stakeholders updated on progress.

## **5. Conclusions**

- 5.1 Repair and improvement works are required to the Marlborough Towers high rise block, based within the western gateway of Leeds city centre. The scheme will make the blocks safer, as well as more energy efficient for residents.
- 5.2 Following an options appraisal the planned delivery approach is to secure a contractor by competitive procurement, aiming for works to be able to start on-site before the end of 2021.

## **6. Recommendations**

The Director of Communities, Housing and Environment is requested to:

- a) Approve this scheme of repair and improvement works to Marlborough Towers high rise block.
- b) Approve the competitive procurement of an external contractor, which is planned through the Efficiency North Framework, and;
- c) Authorise spend of £2.5m from the Housing capital programme over the financial years of 2021/22 to 2022/23 for the Marlborough's Improvement Scheme phase 1 works to Marlborough Towers.

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

7.1 None.

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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.