

Contract Award for High Rise Improvement Works to Lovell Park Grange, Lovell Park Heights, Lovell Park Towers and Moor Grange Court.

Date: 5th August 2022

Report of: Chief Officer Housing

Report to: The Director of Communities, Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This project is to undertake repair and improvement works to four high rise council housing buildings to improve energy efficiency and will support the climate emergency agenda. The works will improve the thermal efficiency of 357 flats across the four buildings through the installation of external wall installation, new roofs, and concrete repairs.

Recommendations

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

- a) Approve expenditure for an additional £3.22m to enable delivery of the full project.
- b) Approve the contract award to Equans Regeneration Limited for the sum of £15,024,475.27 to deliver the repair and improvement works to Lovell Park Grange, Lovell Park Heights, Lovell Park Towers, and Moor Grange Court.

What is this report about?

- 1 The improvement project to the four buildings outlined in this report are part of the Council's ongoing strategy to undertake repair and improvement works, including to improve energy efficiency as part of the climate emergency agenda. The works will improve the thermal efficiency of the buildings through the installation of external wall installation, new roofs, and concrete repairs to 357 flats.
- 2 To provide details on the tender evaluation process carried out and seek approval to award a contract.
- 3 The scheme supports the Council's activity to tackle the climate emergency, and the 'Best City Ambition' strategies towards growth, health & wellbeing to maintain and improve housing quality and standards.

What impact will this proposal have?

- 4 Improvement works in the Lovell's and Moor Grange Court consist of re-roofing, external concrete repairs, wall insulation, ventilation improvements, and remedial works.
- 5 This project will directly benefit residents and improve the health and safety of the buildings, reduce carbon emissions, improve the buildings energy efficiency performance, which will improve thermal comfort and dependant on usage, reduce residents heating costs.
- 6 An Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment was undertaken previously for this scheme with no expected negative impacts and can be found within the Significant Operational Decision in the background documents of this report.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 7 The project supports Zero Carbon, and a Climate Emergency Impact Assessment has been carried out and recognises the project supports this ambition to improve energy efficiency and reduce carbon emissions within the councils housing stock. Additionally, the contractor will adopt an integrated approach to the environment and has committed to various additional social value measures to support in tackling the climate emergency, details can be found in Appendix
- 8 This scheme supports Health & Wellbeing through its benefits to residents of an improved living environment, increased resident wellbeing and reduced heating costs and fuel poverty.
- 9 This scheme support Inclusive Growth through the social value benefits the scheme will deliver. Equans regeneration submitted a social value offer of £17,678. The Council will work with Equans to maximise and achieve this to promote Inclusive Growth in the city.

What consultation and engagement has taken place?

Wards affected: Kirkstall, Little London and Woodhouse

Have ward members been consulted?

Yes

No

- 10 Resident communications during the works will include written, face to face and telephone mechanisms to ensure maximum outreach across the project's delivery. A Technical Officer is allocated to the project to manage and address any resident queries alongside other onsite activity.
- 11 There are 42 leaseholders in these four buildings and consultation will be carried out as required under the Commonhold and Leasehold Reform Act 2002.
- 12 Initial consultation has been undertaken with ward councillors for Kirkstall, Little London and Woodhouse and further detailed consultation will occur throughout the project's planned delivery. The Executive member for Environment and Housing has also been consulted on this project and is supportive.

What are the resource implications?

- 13 Equans were invited to tender following an expression of interest from the Efficiency North Framework to submit a tender for the works and due diligence has been undertaken on their financial position.
- 14 The value of the construction contract is £15.02m compared to the estimated value at Authority to Procure stage of £11.77m because of unprecedented market conditions which led to an increase in the cost of materials and labour. The commercial team have confirmed the contract value represents the best value for money for the proposed contract.
- 15 The project has Authority to Spend of £13.9m, (see background papers) and a further £3.22m is sought as part of this report, bringing the total authorised expenditure on this project to £17.12m
- 16 The project will be funded by £5.96m from the Social Housing Decarbonisation Fund (SHDF) and £11.16m from the Housing Revenue Account. The additional £3.22m will be funded from within the existing HRA Capital Investment Programme and this spend will take place in 2023/24.
- 17 In making the final decision, the decision maker should be satisfied that this contract represents best value for the Council.
- 18 The contract will be managed by the Housing Strategy and Investment team and by using a contract management plan in line with Contracts Procedure Rule 3.1.17.

What are the key risks and how are they being managed?

- 19 The key risks for this scheme are the following:

a) Health and Safety of residents, staff, it's contractors and the buildings are the Councils priority. In undertaking this project, site visits or activity where entry to a resident's property is required, will be carried out in line with government guidance and site-specific risk assessments to Covid-19.

b) Timescales to meet construction delivery: The requirement of BEIS is to complete the SHDF funded element of works by the end of March 2023. There is a delayed start due to the late announcement regarding funding and on-going communication with BEIS. The project will be delivered by August 2023 and this will be regularly monitored to ensure works are completed on time. Progress against plan will be reviewed regularly and any issues escalated to keep activity

on track.

c) Supply chain: due to nationwide supply chain difficulties for building materials there is a risk that this may cause delays in the construction or that construction may take longer than anticipated. This will be regularly reviewed with the contractor and mitigating action put in place where deemed appropriate.

d) Over budget: the risk of the project exceeding the allocated budget is being managed by robust costings that consider the current construction market conditions.

What are the legal implications?

20 This procurement, and the original procurement of the Efficiency North framework, have been undertaken in compliance with the Public Contract Regulations 2015 and the Council's Contracts Procedure Rules. As Equans are the only contractor on this framework, a direct call off is fully compliant with those regulations. The tender submission has been evaluated in accordance with the evaluation criteria set out in the tender documents. Following the tender evaluation, the commercial team have concluded that the submission from Equans represents value for money.

21 This report is a significant operating decision as a direct consequence of the key decision taken on 11.01.2022 ref D54763 for approval to spend and approval to procure a contractor via a direct call off from the Fusion 21 Framework, and the key decision for acceptance of the grant funding taken on 25.02.22 ref D55004.

Options, timescales and measuring success

What other options were considered?

22 Do Nothing. Discounted as the scope of works is essential including Health and Safety and to meet Decency Standards.

23 The authority to procure decision explored the options for completing the improvement works through the Internal Service Provider and this option was discounted as it is not aligned to their core activity.

24 To carry out a LCC procurement via a restricted above threshold tender was discounted due to the ability to carry this out within the required funding timescales.

How will success be measured?

25 This project has a benefits plan which is reviewed regularly at key stages.

26 All properties will have a new EPC rating that will measure the success of the EWI works.

27 Various measurements will be taken from the housing STAR survey of every two years and through the new PAS 2035 standards that relates to surveying energy efficiency and its improvement before and after works through SAP ratings, carbon emissions and resident questionnaires.

What is the timetable and who will be responsible for implementation?

28 Contract Award is planned for mid-August 2022, followed by an 8 week mobilisation period and work commencing on site late September 2022. The contract duration is 12 months completing on site in August 2023.

Appendices

- Appendix 1 – Tender Analysis Report (Confidential)

Background papers

- [D55004](#) – Key Decision for Award of SHDF Grant
- [D54763](#) – Key Decision for Authority to Spend and Authority to Procure
- [D54165](#) – Authority to Spend for 21/22 Capital Investment Programme - HRA