

To: City Executive Board
Council

Date: 3 July 2014
14 July 2014

Report of: Head of Housing and Property

Title of Report: Tower Block Refurbishment Project

Summary and Recommendations

Purpose of report: To request approval to commence a tender process and for the Executive Director of Regeneration and Housing to be able to appoint and award the contract for the refurbishment of the City tower blocks and to recommend to Council a revised budget to cover the agreed scope of works.

Key decision? Yes

Executive lead member: Councillor Scott Seamons, Board Member for Housing and Estate Regeneration

Policy Framework: Meeting Housing Need

Recommendations: City Executive Board is asked to:

1. Approve the commencement of the tender process and delegate to the Executive Director of Regeneration and Housing in consultation with the Section 151 Officer and Monitoring Officer, the authority to award the contract to the preferred contractor within the budget envelope for the refurbishment of the City tower blocks, following a competitive tender process.
2. Approve the scope of works as detailed in Appendix 1 to be included in the project. This will leave a revised total project cost of £18.358m. This revised total represents an increase of £1.743m over the current approved budget of £16.615m,
3. To recommend to Council the inclusion of an additional budget within the HRA Capital Programme of £1.743m funded by a combination of leaseholder contributions (for their element of the scheme), or as a last resort prudential borrowing together with appropriate revenue funding of a maximum of approximately £104k per annum in capital financing costs

Appendices

- Appendix 1 – Scope of works
- Appendix 2 – Risk Assessment
- Appendix 3 – Initial Equality Impact Assessment

Background

1. As part of the Council's investment plans and included within its Housing Revenue Account (HRA) business plan, refurbishment works are planned to modernise the Council's 5 tower blocks giving them a high quality finish and life of at least a further 30 years. The scope of works of the project include the repair of the building fabric, renewal of inefficient heating systems, thermal improvements by installation of new insulation and external windows, installation of a comprehensive fire mitigation system, recycling enhancements and entrance and landscape improvements to enhance the overall environment. Appendix 1 provides more detail of the proposed scope of works. This scope has increased from what was originally envisaged as the project has developed with detailed technical consideration of the needs of the building particularly with regard to fire safety and following consultation with residents
2. Project approval to refurbish the Council's tower blocks was given by Council in February 2012 as part of the HRA 2012-15 Capital Programme.
3. The five Council tower blocks meet Decent Homes criteria internally. A structural investigation identified that four of the blocks had deficiencies with too few wall ties to secure the brick panels, but all five were found to be structurally sound and sufficient for the extended lifespan. All of the tower blocks were found to have inadequate insulation which gives rise to cold bridging, increased condensation problems, high levels of heat loss and increased energy bills. The proposed scheme will include structural repair work, improvement of external insulation and provision of an external cladding system to enhance and extend the life span of the buildings.
4. In addition to the external envelope, the lifts and their controls will be refurbished and improved to incorporate energy saving technologies. New fire mitigating systems will include a combination of sprinkler systems within the residential flats and improved detection and alarm systems which are being designed in consultation with the County fire service. The existing electrical night storage heaters within the flats will be replaced with modern units and with the enhancement of better thermally performing walls and new external windows and doors, the energy bills of the residents will be reduced.
 - The high level programme dates include: -
 - Planning submission – July 2014
 - Tender process – September to October 2014
 - Appointment of principal contractor – October 2014
 - Contractor's technical design – January to March 2015
 - Mobilisation and construction works – June 15-July 18

Tender Process

5. The tender documents will be submitted to pre-approved contractors on the Homes and Communities Agency (HCA) Framework. All contractors on the HCA Framework have already validated their suitability through Pre-Quality Questionnaire (PQQ) assessments.

6. All 25 contractors on the HCA Framework have already been approached and were invited to an informal bidder's day in February 2014 to gauge their interest and start to develop relationships between the parties in delivering this scheme.
7. Multiple contractors have indicated an interest in this scheme. However, tenderers will submit their submissions to the City Council on a Competitive Tender basis to undertake works at all five sites. A firm programme of works will be generated in conjunction with the principal contractor once appointed.
8. As part of the Tender process, the Evaluation Panel will comprise; internal and external project managers representatives from the design team ,including quantity surveyor, architect, mechanical and electrical engineers and also the project team which includes service user and supplier representatives from the City Council including landlord services, direct services, legal, finance, resident liaison etc.

Contract Award

9. In order to deliver as streamlined a timetable as possible, it is proposed to delegate the authority to appoint and award the contract to the Executive Director of Regeneration and Housing in consultation with the Councils Section 151 Officer and Monitoring Officer.

Climate Change and Environmental Impact

10. The scheme in all technical aspects has considered the mitigation of environmental impact and is incorporating, where a range of energy saving measures and greener products.
11. A target of A-rated materials has been set for all contractors as part of the Performance Specification and the design team (in conjunction with Oxford City Council's Energy Efficiency Advisors) have specified energy-efficient lighting, lift systems, green roofs etc, where at all possible.
12. The contractors are reminded of the City Council's commitment to a greener environment to which they are expected to adhere.

Equalities

13. As part of the tender process, contractors are encouraged to use local contractors. As part of this scheme, the project team have received enquiries from numerous companies and groups in and around Oxford City expressing an interest in the scheme. These details will be provided to the contractors tendering for this project and as part of the analysis of their tender returns, the use of local suppliers and labour will be assessed.
14. The appointed Principal Contractor will be required to facilitate workshops for stakeholders and residents to seek their views and discuss options for aspects of the scheme. These workshops will influence the final installation of services to best suit the stakeholders' requirements.
15. Significant consultation and resident engagement including leaseholders has already been undertaken by the City Council and Principal Consultants E C Harris. The residents have engaged in the design process, with up to 75% of residents in blocks providing opinion and

guidance on the scheme. This guidance has directly influenced the design and specification of the proposals to ensure that the property, following the refurbishment works, is fit-for-purpose for all stakeholders concerned.

Financial Implications

16. The approved budget for the refurbishment of the tower blocks is currently £16.615m spread over 7 years ending in 2018/19 and fully funded from the HRA. The estimated cost of the scheme is now estimated at £18.358m which encompasses the increased scope of the works now proposed, resulting in an estimated increase of budget of approximately £1.743 million.
17. It is recommended that the revised total budget cost of £18.358m will be funded from a combination of leaseholder contributions or prudential borrowing
18. The annual borrowing costs associated with this option are approximately £104k per annum
19. There is a possibility that some funding will also be made available from Salix and Salix Plus funding held by the Council in respect of replacement of communal LED lighting, photovoltaic panels and energy efficient improvements to the lifts in each block. The costs of these works are included in the current estimated total scheme cost referred to above and should funding be made available then this will reduce the funding requirement from the HRA The tender process will also require bidders to look to lever in ECO funding for some of the energy saving measures such as insulation The estimated cost of the project has made no allowance for this external funding.
20. Leaseholders will be fully consulted in accordance with the Commonhold and Leasehold Reform Act 2002, Section 151. The first stage of Notices, as part of the formal consultation process, will be published to the Leaseholders in July 2014. Notices will be served on the basis of a Long Term Agreement for works, and demands will be sent to the Leaseholders in Spring of 2015, when the Council will seek to re-charge certain costs in line with the Leases. As mentioned above, these monies will reduce the funding requirement from the HRA.

Legal Implications

21. The Tender will be carried out in accordance with the rules of the HCA South West Framework.
22. It is proposed in accordance with the HCA Framework, that the Principal Contractor will be appointed under a JCT Design and Build contract.
23. The Contract will include the standard City Council variations incorporating requirements for equality, compliance with Council policies etc.

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