

Thanet District Council

Tower block refurbishment and retrofit programme

February 2023/Sally O'Sullivan

A decorative graphic at the bottom of the page consisting of several overlapping, curved bands in various shades of blue, creating a sense of movement and depth.

1. Introduction

This report gives more detail to the proposed 'tower block refurbishment and retrofit programme' and follows on from the high level plan described in the October 2022 report; 'Bid and delivery of SHDF Wave 2.1' [link here](#)

We have been provided with a unique opportunity to use a blended funding approach to deliver this major works project to 5 of the 6 tower blocks in Thanet, therefore executing a full retrofit and refurbishment project with a large amount of central government grant funding that benefits TDC and the residents.

Funding opportunities:

Social Housing Decarbonisation Fund (SHDF)

On 18 November 2022, we submitted a bid for the SHDF Wave 2.1. The bid submission was for £4,255,56.00, which must be 50% match funded by TDC. The funding is for retrofit works that will improve the energy efficiency of our tower blocks to EPC B or C. We will find out if the bid has been successful at the end of February 2023.

Building Safety Fund (BSF)

The TLS has been successful in a phase one application for the BSF. This funding can offer up to 100% of the value of replacing the External Wall Insulation (EWI). This work is essential to improve fire safety in these blocks. It will also improve energy efficiency.

Access to these funding streams gives us a unique opportunity to deliver a vast amount of work to our tower blocks, reducing the disruption to the residents by completing as a single programme of work.

But, due to the blended funding approach, the high risk nature of the buildings and works we want to complete, this is a highly complex project.

Having the budget to carry out all the works as one project has the following benefits:

- Reduces the disruption to residents as all works are completed at once
- Reduces cost of scaffolding as we will only need to erect one scaffold for all works that are dependant.
- Reduces cost of setting up the construction site that multiple projects would require

2. Works and costs

2.1 Cyclical/ refurbishment work summary for all blocks

**there may be differences specific to individual blocks*

Area	Element	Works description
Balconies	Decking	repair/decorate
	Balustrades	Replace infill panels
Soffits	Soffits	repair/decorate
External Door	All entrances	Decorate
	undercroft	Decorate
Roof	Roof covering	Replace
	Roof door access	Replace
	Fall arrest system	Repair
Curtilage	Entrance path	Repair
	Car park	Repair
	Boundary fence	decorate
Common areas - ground floor		
Main lobby	floor	Repair/decorate
	Walls	Repair/decorate
	Ceiling	If textured - remove/decorate
Staircase	Flooring	Replace
	Walls	Decorate
Common areas - first floor and above		
Subsequent floors	Walls	If textured - remove/decorate
	Flooring	Decorate/replace
	Ceiling	If textured - remove/decorate
Staircase	Flooring	Replace
	Walls	Decorate

2.2 Estimated cost of cyclical works per block:

Block	Cost
Harbour towers	£ 724,864.11
Invicta House	£ 356,582.56
Kennedy House	£ 392,351.56
Trove Court	£ 393,566.95
Staner Court	£ 616,923.31
Total for all blocks	£2,484,288.49

**All internal doors will have been replaced in a previous programme. This was taken out of this programme of works to expedite essential fire safety works. This includes communal doors and flat front entrance doors.*

**provisional sums have been used for concrete repair works as we will not know the true extent of requirements until we are on site*

2.3 Retrofit work summary for all blocks - part funded by SHDF

Area	Element	Works description
Roof	Flat roof insulation	Replace
Heating	High heat retention electric storage heaters	Replace
Ventilation	Mechanical units for Kitchens and bathrooms	Install/replace
Windows	Communal	Replace
	Louvred communal	Replace
	Flat units	Replace

2.4 total cost for retrofit works:

Total cost (£)	£ 4,516,206.32
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2.5 Estimated cost of replacement EWI per block:

Block	Total cost (£)
Harbour towers	£1,122,308.73
Invicta House	£1,478,825.87
Kennedy House	£1,587,319.14
Trove Court	£1,587,319.14
Staner Court	£1,631,373.87
Total	£7,407,146.75

2.6 Total estimated cost of works:

Area	Total cost (£)
Cyclical	£2,484,288.49
SHDF Measures	£ 4,516,206.32
EWI	£7,407,146.75
Scaffolding	£ 3,030,648.08
Total	£17,438,289.64

3. Procurement

If our bid for the SHDF is successful, there is a 24 month deadline to deliver the works that are contingent on this funding. We are also under pressure to deliver the works through the BSF within a decent time frame.

The quickest way market is direct award through a framework for all services required.

3.1 Why use a procurement framework?

All public sector procurement must be based on value for money, which should be achieved through competition. Value for money is based on a mix of quality and effectiveness for the least cost. The public sector must award contracts following a competitive tendering process, ensuring they are compliant with Public Contract Regulations (2015).

Procurement frameworks have been developed so that public bodies can 'call off' services without running a lengthy procurement process.

For a contact to be on a framework and available for call off, they must have gone through a competitive procurement process. Contractors that are part of a framework will sit in 'lots'. Lots

can be Specific to the type of works required; for example for project management consultancy or for gas heating repairs and can be geographical.

All services required for this project can be called off using a framework

3.2 Cost of a framework

A framework will usually charge a % of the overall project cost, this can range between 1-3%.

This fee covers the service offered by a framework - this includes:

- Completing the procurement process to deliver a compliant route to market
- Due diligence completed on all contractors
- Value for money appraisal of project
- Assistance with contract type and award
- High level project management service

Cost area	Estimated total cost (£)
Procurement Framework Fees @ 3%	£ 235,235.28

We will negotiate and expect to be successful in securing this service nearer 1% due to the overall value of the contract.

We can claim funding for a portion of the fees through SHDF and Building Safety Fund.

3.3 Project management consultancy:

We will direct award Potter Raper Ltd through the South East Consortium, using a Consultancy JCT Contract.

Potter Raper have been in contract with TDC for the last 24 months and have provided an options appraisal for structural work, fire safety work and heating system on our tower blocks. Providing the surveys and beginning of project designs.

The benefit of awarding the contract directly to Potter Raper Ltd are the following:

- We have a good working relationship
- They have proven that they have the skills, experience and knowledge to deliver this complex project
- They have an in depth knowledge of our tower blocks

The technical services we require from Potter Raper Ltd are the following:

Service	Description	Cost of service
Contract administrator	Administers the contract between the employer and the contractor. They will lead on all meetings and ensure the contract is executed as per the clauses, taking action if necessary	£ 161,385.00
Quantity surveyor	Control the costs of a large project. Ensuring that the contractor delivers the brief at the projected cost.	£ 79,170.00
Clerk of Works	Inspects and reports back on the quality of works	£ 127,890
Principal Designer	Due to the size of this project, we need to report it to the Health and Safety Executive under Construction Design Management Regulations 2015. This role is required to plan, manage and monitor the health and safety on a construction site. For this project, they will also be responsible for ensuring we are compliant with the Building Safety Act 2022 (applicable to high rise residential buildings)	£ 19,792.50
TOTAL		£ 388,237.50

** The value is calculated as a % of the overall project cost, therefore will fluctuate with the cost of the project.*

3.3 Principal contractor:

We will direct award Mears using the Prosper Framework. This will be on a JCT Minor Works 2016 contract.

The Prosper Framework will:

- Build a bespoke pricing structure that is linked to the framework costs.
- The framework costs are reviewed every 6 months, therefore Prosper will help negotiate a mechanism within the contract to allow this. This will ensure value for money throughout the contract and enable us to budget more accurately.
- Allocate a contract manager to catch up monthly, and assist with any contractual matters.

There are a number of reasons we have chosen this route to market. The table below shows the benefits of this route and risk if we use a more traditional procurement strategy:

Item	benefit	Risk
Procurement:	Reduce the time it takes to procure a contract of this complexity to around 8 weeks. Preparation for the contract has already begun so that it we can ensure the award is in place when the outcome of the SHDF is announced	<p>It takes around 6-9 months for an open tender procurement exercise. In cases where the project is complex, it can take up to 18 months.</p> <p>Any delays experienced through an open procurement will mean less time to deliver works funded by SHDF for which we have a 24 month deadline.</p> <p>Funding unspent by the deadline will need to be returned to BEIS.</p>
Supply chain:	Mears have a supply chain in place that has already surveyed our buildings. They have confirmed labour and materials are available for this project	<p>Nationally there is a shortage of labour and materials, that can cause significant delays to mobilisation of a project of this nature.</p> <p>There will be a lot of competition for the market once BEIS announces the outcomes of wave 2.1 of SHDF bidding round.</p> <p>If works are delayed due to supply chain issues, we are at risk of not completing works by the deadline and having unspent funding that will need to be returned to BEIS</p>
Knowledge:	<p>Mears have in depth knowledge of our tower blocks.</p> <p>These are highly complex buildings and historical knowledge of works, residents and structure will be highly beneficial</p>	Design may not take into consideration a nuance on our tower blocks. Adding time and cost to delivering the project
Resident engagement:	<p>Mears have a resident engagement plan which includes officers to deliver</p> <p>Mears resident engagement has been praised by Local authorities that were successful with Mears in wave 1 of SHDF.</p>	Resident engagement is key to the success of retrofit measures.
Social value:	Part of Mears pledge is to social value. They have a programme	Compliance with Social Value Act 2013

	<p>which engages residents in roles and apprenticeships for this project</p> <p>Employing local people to work on the project providing opportunities to local people to upskill and find work</p>	
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4. Design and delivery of the project

4.1 Design phase:

Use Mears design partners for the design element of the project. Reason for this:

- Part of Mears supply chain and therefore do not need to be procured separately.
- When the principal contractor is responsible for the design, this reduces the risk of delay and further cost due to redesign.

When a 3rd party has completed the designs often we find that it is not practical once we get to construction or the skills/materials are not available. This adds time and cost to a project if the designs need to be reworked.

- Specialised PAS 2035 roles are required to assess, design and coordinate the work. This is a requirement of the SHDF.

Mears's architectural partners provide these roles, which will be essential to ensuring the works are eligible for the funding.

PAS2035 is an approach to the installation of energy efficiency measures that takes into account the entire building to raise the standards of retrofit measures. The purpose is to improve the standard of retrofit measures from a technical point of view and considering residents' comfort.

Cost area	Estimated total cost (£)
Designer labour costs	£ 263,930.00
PAS on-site costs	£ 59,840.00
PAS 2035 retrofit assessor and coordinator costs	£ 387,730.00
Total	£ 711,500.00

4.2 Building control:

TDC Building Control will be engaged early in the design phase to ensure we do not have to redesign later in the process.

Because we are working on tower blocks, Kent Fire and Rescue are a statutory consultee in this process and will be required to feed into the designs.

Potter Raper Ltd will be instrumental in assisting us with this process and preparation of documentation.

4.3 Planning permission

A planning application will be required for the replacement EWI and windows.

Potter Raper Ltd will assist with the preparation of the application.

4.4 Construction phase

Mears is set to deliver the project and has confirmed the supply chain is in place.

Engaging Mears and Potter Raper in the way described above, we expect to be on site by October 2023 to begin work.

5. Leasehold statutory consultation - Section 20

Section 20 of the Landlord and Tenant Act 1985 tells us how we must consult with leaseholders when carrying out works over a certain value.

The tower block refurbishment and retrofit programme will fall within this legislation and therefore we have a statutory obligation to consult with our leaseholders on our proposed works and contractors we want to appoint.

By directly awarding a contract, as described above, does not allow for a full section 20 process to be carried out.

Solution:

We can apply to the courts for dispensation of the Section 20 process. If dispensation is awarded, we will be able to charge leaseholders their apportionment of the cost for the retrofit and refurbishment works as per their leasehold agreement.

The TDC legal team will help with this process.

6. Delivery team

We need to have the resource in place internally to ensure the smooth delivery of this project. This would include creating 5 new roles.

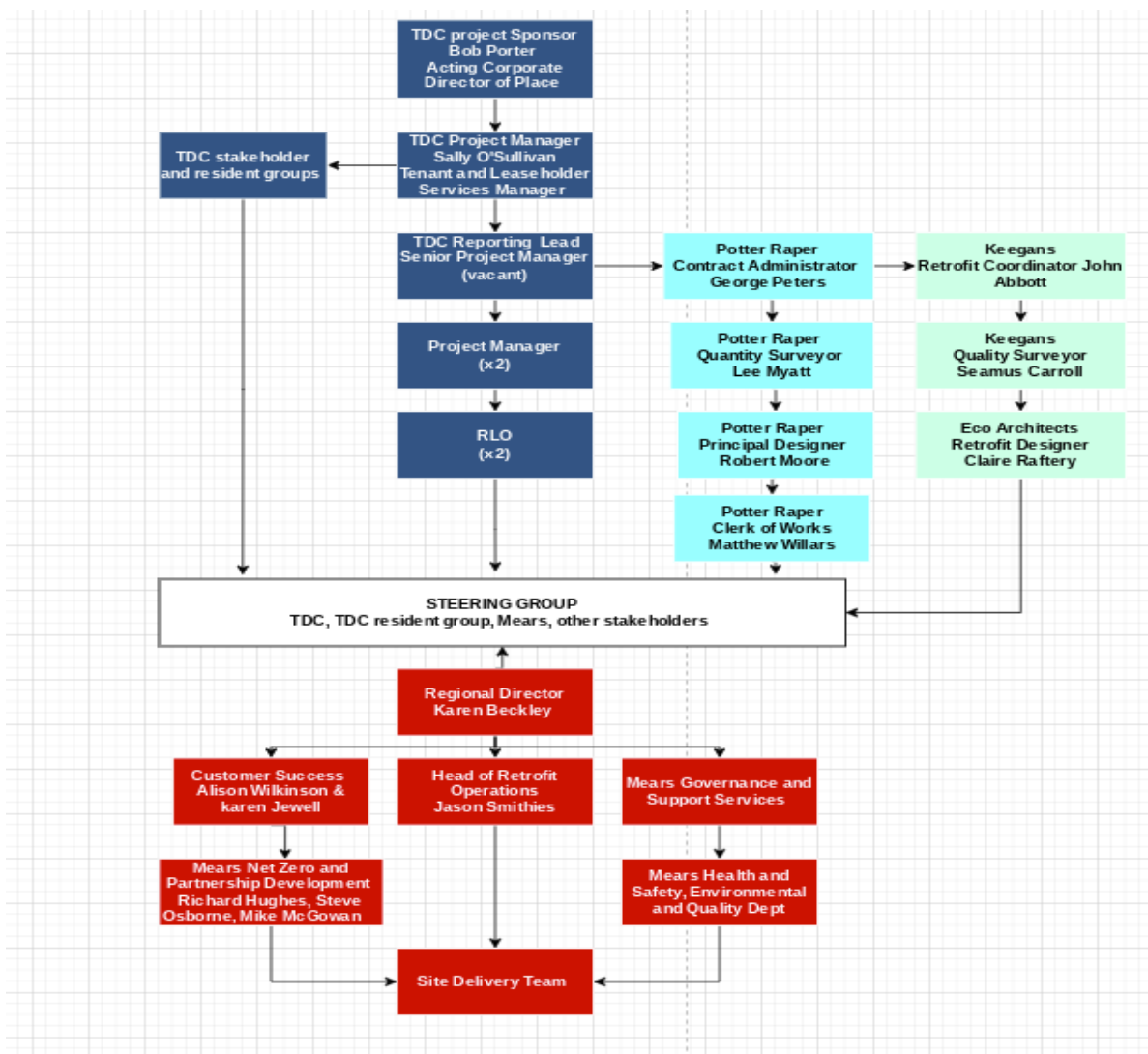
The recommended new structure would include:

- 1 x senior project manager
- 2 x project manager
- 2 x resident liaison officer

Cost area	Estimated total cost (£)
Cost of proposed TDC structure including salary on cost for 2 years	£542,120.00

A proportion of these costs will be covered by SHDF and Building Safety Fund.

7.1 Proposed delivery team:



7. Summary of cost and funding

8.1 Summary of total cost of project:

Cost area	Estimated total cost (£)
Cost of works	
SHDF measures	£4,516,206.32
EWI	£7,407,146.75
Scaffolding	£ 3,030,648.08
Cyclical	£2,484,288.49
Building works to prepare for installation	£ 311,357.05
Design cost	
Assessment and Design cost	£ 711,500.00
TrustMark or equivalent lodgement fees	£ 22,400.00
Insurance Backed Guarantees	£ 16,240.00
Project Management and professional technical services	
TDC delivery team for 24 months	£ 542,120.00
Mears search costs associated with resident recruitment	£ 101,500.00
Mears after-care services	£ 101,500.00
Consultancy - PM/CoW/PD/QS	£ 388,237.50
Procurement Framework Fees @ 3%	£ 235,235.28
Total	£19,868,379.47

8.2 Cost breakdown by funding stream:

Programme element	Funding element: amount £			
	Homes england	SHDF	TDC	Total
Cyclical	-	-	£2,484,288.49	£2,484,288.49
EWI	£7,407,146.75	-	-	£7,407,146.75
Retrofit	-	£2,223,291.82	2,292,914.51	£4,516,206.32
Preparation to get to site	-	£155,678.50	£155,678.50	£311,357.00
Scaffolding	£1,666,856.00	£787,968.00	£575,823.00	£3,030,648.08
PAS2035 services + design	£30,000	£390,070.00	£390,070.00	£810,140.00
Mears Net Zero resident recruitment and aftercare services	-	£101,500.00	£101,500.00	£203,000.00
PM and technical services	£213,530.63	£100,941.75	£73,765.13	£388,237.50
Procurement Framework fee	£129,379.40	£61,161.17	£44,694.70	£235,235.28
TDC delivery team	£298,166.00	£140,951.20	£103,002.80	£542,120.00
TOTAL	£9,745,078.78	£3,961,562.44	£6,221,737.13	£19,928,379.42

8. Recommendations

Recommendation 1 - Appoint Mears as design and deliver partner via direct award using the Prosper framework

Recommendation 2 - Expand the TLS to incorporate a delivery team dedicated to the tower block project

Recommendation 3 - Apply to the courts for dispensation on the leasehold Section 20 consultation

Recommendation 4 -If we are not successful in SHDF wave 2.1, to proceed to award works as net cost to TDC is still within budget

