

## **HRA tower block refurbishment and retrofit programme**

<b>Extraordinary Cabinet:</b>	2 March 2023
<b>Report Author:</b>	Sally O'Sullivan, Tenant and Leaseholder Services Manager
<b>Portfolio Holder:</b>	Cllr Jill Bayford, Cabinet Member for Housing
<b>Status:</b>	For Information
<b>Classification:</b>	Unrestricted
<b>Key Decision:</b>	No
<b>Reasons for Key:</b>	N/A
<b>Ward:</b>	East Cliff, Newington, Dane Valley, Central Harbour

### **Executive Summary:**

In November 2022, cabinet considered a report proposing a tower block refurbishment and retrofit project. The project takes a combined funding opportunity to deliver works to 5 of the 6 tower blocks owned and managed by the council. The works include:

- Replacement of the external wall insulation (EWI)
- Retrofit measures to improve the energy efficiency
- Cyclical and refurbishment works to the communal areas

This report seeks authority for the council to proceed with the tower block programme and let the contract as described.

### **Recommendation(s):**

Cabinet is asked to:

1. Approved the appointment of Mears Group PLC as design and delivery partner via direct award using the Prosper framework;
2. Approve the appointment of the in-house delivery team, as detailed in annex 1.

### **Corporate Implications**

#### **Financial and Value for Money**

This report details the works and costs associated with completing this project which is estimated to cost around £20m in total. It also proposes to let a contract to Mears through a method of direct award using a procurement framework. The works contract is estimated to

be in the region of £17.8m. The additional costs include estimated project management costs of £1.37m and pre-tender costs of £750k.

We have a unique opportunity to use a couple of funding streams to deliver the project, thus providing greater value for the council and the tenants and leaseholders in these blocks. By tapping into this funding, we can deliver this work within the budgeted amount allocated to the tower blocks in the HRA budget - which is £11 million.

## **Legal**

The Climate Change Act, as amended in 2019, commits the UK to 'net zero' by 2050. As the owner of social homes and a Registered Provider, the Council has a responsibility to deliver against this target by reducing carbon emissions from its social housing stock.

As a social housing landlord, the council has a regulatory responsibility to ensure their properties meet the decent homes standard. This includes providing warm, comfortable and safe homes for residents to live in.

The leaseholder Section 20 statutory consultation process will not be able to be followed and this report proposes how to deal with this.

## **Corporate**

The council's agreed Corporate Statement includes a priority to improve the standards and safety in homes across all tenures.

## **Risk Management**

By not taking action to reduce carbon emissions in council owned homes, there is a risk that we will not meet the governments legally binding targets.

The Government has committed to a £3.8 billion Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. As the government's net zero target is legally binding, the council would have to carry out this work regardless of funding. Therefore, not taking advantage of this funding would put the Council under further financial pressure to fully fund the measures required.

There is a reputational risk to not seeking ways to reduce tenants' utility bills.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To advance equality of opportunity between people who share a protected characteristic and people who do not share it.

The council's tenants and leaseholders include residents that have protected characteristics as set out in the Public Sector Equality Duty.

This work carried out through the delivery of the proposals in these reports will seek to improve the homes for all residents, including those with protected characteristics.

## **CORPORATE PRIORITIES**

This report relates to the following corporate priorities:

- Communities

### **1.0 Introduction and Background**

1.1 In November 2022, the cabinet considered a proposal on how to take advantage of 2 types of government funding to carry out a full retrofit and refurbishment project on 5 of the Councils tower blocks.

1.2 The works include the following:

- Replacement external wall insulation
- Retrofit measures to improve the energy efficiency of the blocks
- Refurbishment works to improve structural and fire safety
- Cyclical works to improve the communal areas of the blocks

1.3 The government funding that has been applied for is:

- Social Housing Decarbonisation Fund (SHDF)

The Government has committed to a £3.8 billion Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050.

- Building Safety Fund (BSF)

Funding provided for addressing fire risks associated with cladding and external wall insulation on high rise residential buildings

## **2. Bid and delivery of works**

2.1 The external wall insulation has already secured grant funding from the BSF for pre-tender works and we anticipate receiving further funding to cover the full cost of replacement EWI.

- 2.2 We submitted a bid to the SHDF at the end of November 2022 for £4.25m, which requires 50% match funding by the council. The outcome should be announced by the end of March 2023.
- 2.3 The council has £11.4m approved in the Housing Revenue Account capital programme for the Tower blocks, across the three financial years from 2023/24 to 2025/26.
- 2.4 We propose to carry out the full range of works laid out within this report, even if we are not successful with the SHDF as the total cost will still be within budgetary provision of £11.4m. If we are successful with the SHDF an equivalent sum can be returned to the HRA Major Repairs Reserve for allocation to other projects.
- 2.5 We are proposing a robust project management structure, including internal Project Managers and Resident Liaison Officers and an external design team provided by Potter Raper Partnership.
- 2.6 A breakdown of the overall provisional estimated costs and funding is shown in the table below:

<b>Costs</b>		<b>Total cost (£)</b>
<b>Works</b>	<b>Cyclical works</b>	£4,516,206
	<b>SHDF Measures</b>	£7,407,146
	<b>EWI</b>	£3,030,648
<b>Scaffolding</b>		£2,484,288
<b>Total Works costs</b>		<b>£17,438,288</b>
<b>Design Cost</b>		£750,140
<b>External project management costs</b>		£591,237
<b>Internal project management costs</b>		£542,120
<b>Procurement costs</b>		£235,235
<b>Overall Project Costs</b>		<b>£19,868,379</b>
<b>Funding</b>		<b>Total funding (£)</b>
<b>TDC Capital Programme</b>		£6,221,737.13
<b>Homes England - Building Safety Fund</b>		£9,745,078.78
<b>Social Housing Decarbonisation Fund</b>		£3,961,562.44
<b>Total Funding</b>		<b>£19,928,379.42</b>

### **3.0 Leaseholders**

- 3.1 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.
- 3.2 By directly awarding a contract, as described above, does not allow for a full section 20 process to be carried out.
- 3.3 We will 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.
- 3.4 The Building Safety Fund and SHDF grants will help to reduce the financial impact for leaseholders, as this funding will pay for elements of the work, most importantly including the replacement of the EWI system.

### **4.0 Options**

- 4.1 To let the contract as set out in this report. This option is recommended due to the essential nature of the refurbishment and retrofit works.
- 4.2 The Cabinet could decide to adopt a more traditional route to procurement, involving a full tender process, however this would not enable the programme to be delivered within the timescales set by BEIS (Department for Business, Energy and Industrial Strategy) for the SHDF.
- 4.3 The Cabinet could decide not to proceed with the proposed programme of works, however the buildings are in need of refurbishment and retrofit of carbon reduction measures and therefore this option is not recommended. If works were deferred to a later date, there is no guarantee of external funding being available.

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Reporting to: Bob Porter (Acting Corporate Director of Place)

#### **Annex List**

[HRA tower blocks refurbishment and retrofit programme report](#)

#### **Background Papers**

N/A

## **Corporate Consultation**

**Finance:** Chris Blundell (Acting Deputy Chief Executive)

**Legal:** Sameera Khan (Interim Head of Legal & Monitoring Officer)