

TITLE OF REPORT: Fabric Works and HEIGHTs Combined Delivery proposal

REPORT OF: Paul Dowling, Strategic Director, Communities and Environment

Purpose of Report

1. To seek approval for the award of a construction contract to Wilmott Dixon Construction via the SCAPE Major Works Framework, for delivery of fabric works to be undertaken alongside the High Rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs) project:-
 - Window replacement for all Harlow Green high rise blocks
 - Façade replacement and replacement windows at Regent Court

Background

2. Approval was given at Cabinet on 8 November for the acceptance of ERDF grant funding to support the delivery of the HEIGHTS project and for construction contracts to be awarded to Wilmott Dixon Construction via the SCAPE Major Works Framework to deliver the works.
3. The HEIGHTS project will install new district heat and/or power systems to 7 High Rise Housing blocks in the Town Centre and Harlow Green.
4. Since then, the Council has entered pre-construction works contracts with Wilmott Dixon Construction to proceed with the design of the scheme, and is aiming to receive planning approval, and enter into the construction contract, prior to 5 May 2017.

Proposal

5. Additional improvement works to the fabric of the 7 blocks have been identified as follows:
 - Window replacements for Harlow Green and regent Court high rise blocks
 - Roof replacement for Harlow Green blocks
 - Façade replacement for Regent Court
6. Provision to fund the works has been included in the HRA Capital Programme Report that was approved by Cabinet on 24 January 2017.
7. The five year HRA Capital programme includes £11.1m, towards the part ERDF funded HEIGHTS energy efficiency scheme at Harlow Green and Regent Court, with a further £4.4m of planned window replacements to be delivered alongside these works. In addition £4m is included within the programme to replace the façade at Regent Court;

8. It is proposed that the work is combined with the HEIGHTS project and awarded to the same contractor for the following reasons:-

- To minimise costs and Health and Safety risks by having one contractor delivering all elements as works overlap on the tower blocks
- To ensure timescales are maintained (in particular the façade at Regent Court which is in a state of disrepair)
- Adding additional works to existing contract will minimise the overall scheme development costs
- To minimise disruption for customers and leaseholders.

9. In order to ensure that a combined delivery programme, including the additional works, can be undertaken a pre-construction order for design works, valued at £211,000, was placed with Wilmott Dixon Construction in February, following consultation with Housing Portfolio.

10. The pre-construction order allows the scheme to progress to full delivery under the SCAPE framework, without additional delays and costs being incurred through a separate procurement exercise. The pre-construction order does not bind the Council to full construction contract, should for any as yet unforeseen reason, the works are not able to be progressed.

Recommendations

11. It is recommended that:-

- (i) Approval is given to entering into a delivery agreement with Wilmott Dixon Construction via the SCAPE Major Works Framework, for combined delivery of the HEIGHTs project and associated fabric measures;
- (ii) Approval is given to delegate authority to the Strategic Director, Communities and Environment, following consultation with the Strategic Director, Corporate Resources, to agree the final terms, scope and costs of the contract awards.

For the following reasons:

- (i) To continue to deliver Council priorities around reducing fuel poverty, energy consumption and sustaining tenancies.
- (ii) To maximise efficiencies through combining fabric improvements with ERDF grant funded works that will support capital investment as part of the Council's Capital Programme.
- (iii) To improve the Council's assets and ensure that the Council's Housing stock remains fit for purpose and deliver a sustainable HRA

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Policy Context

1. On a local level, the proposals will contribute to the delivery of many targets within Vision 2030, strategic interventions within the Council Plan, the Council's Climate Change Strategy and other Council strategies and commitments, specifically:
 - Improving the quality of council owned assets and improving their energy efficiency
 - Sustaining tenancies and communities through targeted improvements in line with HRA Capital investment priorities.
2. The proposal also accords with the Corporate Asset Strategy and Management Plan 2015 – 2020. In particular; ensuring that the Council's properties are fit for purpose and the continuous improvement of the sustainability of the Council's assets and HRA Business Plan.

Background

3. The HEIGHTs project will install new district heat and/or power systems to 7 High Rise Housing blocks in the Town Centre and Harlow Green.
4. Alongside the ERDF project proposal, it is proposed to co-ordinate the following other, non-ERDF, block improvement works, to improve the sustainability of the properties, seek efficiencies in the construction phase, and minimise disruption to tenants,
 - Window replacement for all Harlow Green high rise blocks
 - Roof replacement for 6 Harlow Green Blocks
 - Façade replacement for Regent Court
5. Through increasing the scope of the delivery with the appointed contractor for the HEIGHTs infrastructure works, the following outcomes will be achieved: -
 - Costs and Health and Safety risks will be minimised through having one contractor delivering all elements.
 - Timescales linked to Capital Programme and HRA Business plan projections will be maintained.
 - Adding additional works to existing contract will minimise the overall scheme development costs.
 - Disruption for customers and leaseholders will be minimised.

Consultation

6. The following consultation has taken place on the scheme:
 - Consultation with Cabinet Members for Housing
 - Consultation with Ward members

Implications of Recommendation

7. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the capital costs of the proposed projects, estimated to be £19.5m in total, can be accommodated from within the Housing Revenue Account Capital Programme.
- (b) **Human Resources Implications** – Existing officers within the Council and Gateshead Housing Company will be used to deliver the projects over 2 years, and the ERDF revenue grant funding for the HEIGHTS project will part cover the costs of those posts for the duration of the projects.
- (c) **Property Implications** - The combined scheme will provide a modernised heating system for 7 tower blocks included in the scheme including new wet distribution systems, radiators and heat meters within residents' flats. It will also provide low carbon heat and power supplies to 3 Council buildings, and 1 external partner. The façade, window and roof replacement works will greatly improve the appearance of 7 blocks, address disrepair issues and contribute to the energy performance of the block.

8. **Equality and Diversity Implications** – The heat and power supplies will be offered to all tenants across the named blocks, with tenant liaison services supporting the engagement of all customers groups.

9. **Crime and Disorder Implications** – None.

10. **Health Implications** –The quality and standard of maintenance of the properties and the heating scheme will contribute to the health and wellbeing of the tenants in the blocks. The introduction of new windows within the blocks will improve the energy performance of the blocks and bring them up to modern standards.

11. **Sustainability Implications.** - The scheme will reduce domestic carbon emissions in Gateshead by reducing energy consumption and replacing existing heating with lower carbon alternatives and will sustain the blocks and improve their desirability.

12. **Human Rights Implications** - Nil

13. **Area and Ward Implications** - The schemes are in the Bridges Ward (Regent Court,), Chowdene Ward (Harlow Green blocks) in the Central and South areas respectively..

14. **Background Information** – The following background papers have been used in preparing this report:
(i) Report for Cabinet, 24 January 2017, Housing Revenue Account and Capital Programme
(ii) Report for Cabinet, 8 November 2016, ERDF Low Carbon Project Proposals