

Finance and Resources Committee

10.00am, Friday, 10 March 2023

Inchmickery and Oxcars Courts, Design and Development Commission for Full Block Upgrade and Improvement

Executive/routine Wards Council Commitments	Executive 1 - Almond
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Approves a variation of the existing award SOC196 to Turner and Townsend, the rank two supplier under Lot 11 (Multi-Disciplinary Lot) of the Council's Professional Services Framework, to undertake a full turnkey solution to implement a whole house retrofit (WHR) upgrade to Oxcars and Inchmickery Court at a maximum cost of £2,911,473 based on a revised specification and estimated budget of £35,458,202;
 - 1.1.2 Notes the original contract commenced on 18 August 2022, with a fee level of £523,499 based on an initial budget of £5,000,000 for external fabric works only; and
 - 1.1.3 Notes that as per Council's Contract Standing Orders, there is a requirement for Finance and Resources Committee to approve any service contract over £1,000,000. As the value of this service order is £2,911,473 (including a 5% contingency) authority to award is being sought.

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Executive Director of Place

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Report

Inchmickery and Oxcars Courts, Design and Development Commission for Full Block Upgrade and Improvement

2. Executive Summary

- 2.1 This report seeks approval to vary an existing award to Turner and Townsend, the rank two supplier under Lot 11 (Multi-Disciplinary Lot) of the Council's Professional Services Framework, to undertake a full turnkey solution to implement a WHR upgrade aligned with wider block upgrades and improvements at Oxcars and Inchmickery Courts.
- 2.2 The existing commission commenced on 18 August 2022 for a period of 16 months based on a 10-month construction period to a total fee value of £523.499, as per framework rates. This was based on an estimated cost of £5.0m for an external fabric over cladding project. The scope excluded a number of aspects which were planned to be delivered separately on a phased basis.
- 2.3 It is now recommended that this commission deals with all aspects of planned investment required to the blocks and wider external areas to provide a whole house approach aligned with wider block improvements and upgrades to ensure best value for the Council's Housing Revenue Account (HRA).

3. Background

- 3.1 The Council has an operational estate of approximately 20,000 homes, with 3,000 sitting within a multi-storey setting. This represents around 15% of Council homes. 97% of homes in multi-storey blocks sit within a full Council or majority ownership tenure.
- 3.2 The Council currently has 44 multi-storey sites within the wider housing estate (some of these sites contain more than one multi-storey block). Many of these construction types are complex and require detailed investigation and consideration to assess the condition of the structure prior to refurbishment proposals being completed.
- 3.3 This expertise is not available within the current housing service. As such any significant alteration and upgrading to multi storey blocks needs to be undertaken

by an experienced multi-disciplinary team to provide a holistic approach and ensure that all building components and refits are fully considered.

- 3.4 Many of these multi-storey blocks were specialised and innovative construction methods at the time of build and now present a range of technical and financial challenges to both maintain and improve them.
- 3.5 The two subject blocks Inchmickery and Oxcars Courts have been identified as requiring significant capital investment to ensure the 151 properties meet the Energy Efficiency Standard for Social Housing (EESH2).
- 3.6 As such both Oxcars and Inchmickery Courts will undergo a full energy retrofit following a whole house retrofit (WHR) approach to meet the EESH2. Alongside the wider retrofit upgrade proposals, both blocks will also be upgraded and improved which will encompass a variety of components to be upgraded/replaced including roofs, foyer areas, entrances to the building, fire doors and screens, stairwells, communal landings etc. Alongside these block improvements and upgrades, we will also require a full place-making approach to improve the surrounding environment out with both blocks.
- 3.7 This WHR and wider block improvement approach is part of the wider investment plans for all majority Council owned multi-storey blocks from 2023/24 onwards. This will ensure that where possible and following detailed design works blocks can meet the ambitious EESH2 standard.

4. Main report

- 4.1 The Council is seeking to vary the existing award to the rank two supplier under Lot 11 - Multi-Disciplinary Design Team Services to continue to carry out the plans for a full WHR approach, aligned with wider building improvements and upgrades. This will allow a value-added approach to the redevelopment of the blocks and the wider area.
- 4.2 The Finance and Resources Committee approved a new Professional Services Framework on [29 October 2020](#). Lot 11 - Multi-Discipline Design Team Services was deemed the most appropriate Lot to undertake this commission due to the complexity and scope of the commission and the range of suitably experienced contractors and sub-contractors able to undertake core elements of this commission.
- 4.3 This includes provision for a multi-disciplinary team to be engaged which includes, structural engineering services, mechanical and electrical engineering services, fire engineering, architectural services, quantity and building surveying services and project management services. All of which can be brought together under one project team led by the supplier.
- 4.4 The rank one supplier under Lot 11 (Multi-disciplinary Framework is Faithfull and Gould (F&G). However, we approached F&G and they confirmed they did not have adequate capacity to fulfil this commission. Therefore (in June 2022) the Council

approached the rank two supplier, Turner and Townsend, and a commission was developed and design team were appointed.

- 4.5 The full scope of the revised commission for the works will now include the following:
- 4.5.1 Further review of all current information held by Housing Services;
 - 4.5.2 Commission of surveys for any gaps in information held to determine the full condition of the blocks;
 - 4.5.3 Intrusive surveys to target void properties per block to assess structural condition; to allow detailed design solutions to be developed;
 - 4.5.4 Physical examination of mechanical and electrical plant and equipment (i.e., lifts, common electrical cabling, internal wet services); and design for replacement;
 - 4.5.5 Appointing specialist sub-consultants to support the wider project team, this will include laser scanning of external elevations to assist provision of detailed drawings;
 - 4.5.6 Liaising and communicating with residents and owners on the redevelopment plans; and consultation on the proposals for both the building and wider area;
 - 4.5.7 Liaison with Statutory Authorities for the approval and progression of the final scheme for both the blocks and wider area;
 - 4.5.8 Project procurement of the final works to ensure best value is obtained for the HRA; and
 - 4.5.9 Project contract and financial management of the final proposals as per the RIBA Plan of work through to completion of the project.
- 4.6 The rank two supplier and sub-consultants have both extensive and suitable experience and the resource necessary to undertake this complex commission. Turner and Townsend have sub consultants already in place which includes, Stallan-Brand (Architects), Atelier Ten (Mechanical, Electrical and Fire Engineers) and Goodson Associates (Structural Engineers). As such this route to market was deemed the most suitable and appropriate to undertake this commission.
- 4.7 Commercial and Procurement Services have advised that the Professional Services Framework call off methodology permitted a direct award to the ranked two organisation on the Framework namely, Turner and Townsend, as it was confirmed that the rank one did not have capacity to undertake the original commission. Therefore, this call-off complies with the Framework Call Off Methodology.

5. Next Steps

- 5.1 Subject to this Committee's approval, the variation of the contract will be completed. This will be via direct award to the number two ranked supplier on the Professional Services Framework, Lot 11 - Multi-Discipline Design Team Services – Turner and Townsend.

- 5.2 Subject to approval the existing contract will progress from 20 March 2023 for period of up to 24 months, with the option to extend if required up to a maximum value of £2,911,473. This will be funded through the HRA capital budget.
- 5.3 To ensure the Council is able to maximise the financial and non-financial benefits of the framework, including the delivery of community benefits, a contract management plan is being put in place which will robustly manage the contract and ensure the desired outcomes are achieved.
- 5.4 Committee approval will be sought for the award of the works contract following a tender process and once statutory consents are in place.

6. Financial impact

- 6.1 The total value of the commission that is proposed to be procured through the Professional Services Framework via direct award to the rank one supplier under Lot 11 - Multi-Discipline Design Team Services will be £2,911,473. This will be funded through the HRA capital budget.
- 6.2 The percentage fee is calculated on the following basis, 7.82% (as per Framework rates) based on a construction cost of £35,458,202 equates to a fee of £2,772,831. A 5% contingency has also been applied to cover unforeseen surveys and design work which brings the total fee value to £2,911,473.
- 6.3 The fee level is in line with the Council's Professional Services Framework procured rate and the total sum paid to the consultants under this commission should not exceed £2,911,473.
- 6.4 The construction costs have a built in risk contingency of 20% which equates to £5,909,701. The risk contingency includes 10% design and 10% construction.

7. Stakeholder/Community Impact

- 7.1 Engagement with tenants in these blocks will be an essential requirement of this commission and will inform detailed design proposals. The outputs of the commission will ultimately have a positive impact on tenants' lives as the overall WHR approach and wider block improvements and upgrades will significantly improve the thermal performance of both blocks. Along with improved energy performance tenants' homes will also be better ventilated with improved air quality. Outside of tenants' homes the blocks will be significantly improved with upgraded communal areas, landscaping and improvements to mechanical and electrical services. Overall, both blocks will be brought up to a more modern standard making them safer, more accessible and ultimately more welcoming for tenants and visitors.
- 7.2 The Professional Services Framework operates a points system in relation to Community Benefits. The value of points this commission will generate is 200 points. Following approval to award this Contract, Turner and Townsend will be

required to identify appropriate community benefits to the value of the points generated.

8. Background reading/external references

- 8.1 2023/24 Housing Revenue Account (HRA) Capital Programme - Housing, Homelessness and Fair Work Committee – [9 March 2023](#).
- 8.3 Housing Sustainability Approach Update - Housing, Homelessness and Fair Work Committee - [3 June 2021](#).
- 8.4 Housing Revenue Account (HRA) Budget Strategy 2023/2024 – 2032/2033 – City of Edinburgh Council Committee – [23 February 2023](#).

9. Appendices

- 9.1 None.