

# Finance and Resources Committee

10.00am, Thursday, 25 January 2024

## Craigmillar and Peffermill Court, Design and Development Commission for Full Block Upgrade and Improvement – Contract Variation

Executive/routine  
Wards

Routine

### 1. Recommendations

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- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Approves a variation of the existing award SOC286 to Atkins Realis (formerly Faithful and Gould), the rank one supplier under Lot 11 (Multi-Disciplinary Lot) of the Council's Professional Services Framework, to undertake a whole house retrofit (WHR) approach aligned with wider block upgrades and improvements to Craigmillar and Peffermill Court;
  - 1.1.2 Notes the original contract commenced on 24 November 2022, with a fee level of £563,239.00 based on an initial budget £6.0m. Based on an increase in the construction cost estimate following initial surveys and inspections, this fee was increased to £769,759.53 on 8 February 2023. Further significant changes in scope have resulted in the estimated construction costs and associated fees rising accordingly in line with the Framework Rates; 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 £1,273,613.92. (including additional surveys and specialist appointments) Committee approval is sought for this variation of award.

**Paul Lawrence**

Executive Director of Place

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## **Craigmillar and Peffermill Court, Design and Development Commission for Full Block Upgrade and Improvement - Contract Variation**

### **2. Executive Summary**

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- 2.1 This report seeks approval to vary an existing award to Atkins Realis, the rank one 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 Craigmillar and Peffermill Court.
- 2.2 The existing commission commenced on 24 November 2022 for a period of 24 months based on a 12-month construction period to a total fee value of £563,239 as per framework rates. This was based on an estimated cost of £6m for an external fabric over cladding project and wider block upgrades. The scope originally excluded a number of aspects which were planned to be delivered separately on a phased basis. The fee was then increased to £769,759.53 on 8 February 2023, following completion of the Royal Institute of British Architects (RIBA) Stage 2 Design and finalisation of the Order of Cost Estimate by the Cost Consultant.
- 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 retrofit (WHR) approach aligned with wider block improvements and upgrades to ensure best value for the Council's Housing Revenue Account (HRA).

### **3. Background**

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- 3.1 The Council has an operational estate of approximately 20,000 homes, with approximately 3,000 sitting within a multi-storey setting. This represents around 15% of Council homes. Of this number, 97% are in multi-storey blocks which 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 - Craigmillar and Peffermill Court - have been identified as requiring significant capital investment to ensure the 114 homes meet the Energy Efficiency Standard for Social Housing (ESSH2).
- 3.6 As such, both Craigmillar and Peffermill Court will undergo a full energy retrofit following a WHR approach to meet the ESSH2. Alongside the wider retrofit upgrade proposals, both blocks will also benefit from 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, a full place-making approach will be required to improve the surrounding environment of 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 ESSH2 standard and meet, where possible, new build standards.

## 4. Main report

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- 4.1 The Council is seeking to vary the existing award to the rank one supplier under Lot 11 - Multi-Disciplinary Design Team Services to continue to carry out 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 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 full scope of the revised commission for the works will now include the following:
- 4.4.1 Further review of all current information held by the Council's housing team;
  - 4.4.2 Commission of surveys for any gaps in information held to determine the full condition of the blocks;
  - 4.4.3 Intrusive surveys to target void properties per block to assess structural condition; to allow detailed design solutions to be developed;
  - 4.4.4 Physical examination of mechanical and electrical plant and equipment (i.e., lifts, common electrical cabling, internal wet services) and design for replacement;
  - 4.4.5 Appointing specialist sub-consultants to support the wider project team;
  - 4.4.6 Liaising and communicating with residents and owners on the redevelopment plans and consultation on the proposals for both the building and wider area;
  - 4.4.7 Detailed civil and landscape designs to be developed in line with Council requirements;
  - 4.4.8 Liaising with Statutory Authorities on recommended upgrades and developing design to take account of the suggested improvements, including but not limited to, new fire rated doors, retrofitting one firefighting lift in each block and installing automatic opening vents;
  - 4.4.9 Liaison with Statutory Authorities for the approval and progression of the final scheme for both the blocks and wider area;
  - 4.4.10 Project procurement of the final works to ensure best value is obtained for the Housing Revenue Account; and
  - 4.4.11 Project contract and financial management of the final proposals as per the RIBA plan of work through to completion of the project.
- 4.5 The rank one supplier and sub-consultants have both extensive and suitable experience and the resource necessary to undertake this complex commission. Atkins Realis have sub consultants already in place which includes, Collective Architecture (Architects), RSP (Mechanical, Electrical Engineers), Atelier Ten (Fire Engineers), Will Rudd Davidson (Structural Engineers) and Wardell Armstrong (Landscape Architects). As such this route to market was deemed the most suitable and appropriate to undertake this commission.

## **5. Next Steps**

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- 5.1 Subject to Committee approving the report recommendations, the variation of the contract will be completed. This will be via direct award to the number one ranked

supplier on the Professional Services Framework, Lot 11 - Multi-Discipline Design Team Services – Atkins Realis.

- 5.2 Subject to approval, the existing contract will progress from 25 January 2024 for period of up 24 months, with the option to extend if required up to a maximum value of £1,273,613.92. This will be funded through the HRA capital budget.
- 5.3 Please note the breakdown as follows:
- 5.3.1 Multi-Disciplinary Design Team Professional Fees: £1,111,269.92;
- 5.3.2 Surveys to Date: £62,344; and
- 5.3.3 Surveys/Specialist Appointments to be Completed: £100,000.
- 5.4 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.

## **6. Financial impact**

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- 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 £1,273,613.92. This will be funded through the HRA capital budget.
- 6.2 The percentage fee of £1,111,269.92 being 9.387% (note that this figure is based on backdating the professional fees to the beginning of RIBA Stage 3 only, not to the beginning of RIBA Stage 2. This is to align with the increased scope of the project from that point. Additional surveys and specialist appointment figures are not included (these are outlined in paragraph 5.3) in the budgeted contract sum in respect of the project which is based on an anticipated construction cost of £12,480,000.00.

## **7. Equality and Poverty Impact**

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- 7.1 The current WHR approach aligns with the Council's climate justice approach as it seeks to support the protection of those most vulnerable to the effects of climate change. Many tenants reside in hard to heat homes and struggle to effectively heat their homes and afford their energy costs. WHR will achieve substantial improvements to the fabric of tenants' homes, reducing energy demand, making them easier to heat and thus reducing energy bills. Core WHR investment will also be focussed in the most socially and economically deprived areas of the city and aligned with the Scottish Index of Multiple Deprivation (SIMD), thus ensuring tenants and homeowners who will be most at risk from the effects of fuel poverty and living in a cold home are supported as a priority through WHR interventions.

- 7.2 An Integrated Impact Assessment will be undertaken for the planned WHR programme. This will help to highlight any equality, human rights (including children's rights) and socio-economic disadvantage implications for members.

## **8. Climate and Nature Emergency Implications**

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- 8.1 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-2027. The Council also declared a Nature Emergency in 2023.

- 8.2 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

*“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”*

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

*“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”*

(Nature Conservation (Scotland) Act 2004)

- 8.3 The WHR programme is fully aligned with the Council's climate ambitions and is noted as a key action in the 2030 Climate Strategy. The Strategy states the Council will 'Develop a Whole House Retrofit delivery programme for retrofitting social housing across the city to the highest energy standards, to reduce energy demand and tackle fuel poverty' whilst also supporting climate justice.
- 8.4 In addition to this, the draft Climate Ready Edinburgh (adaptation) strategy also sets out ambitions to address the built environment, with a key action to work with the Council and social landlords to adapt social housing and green the areas around Council housing to support climate adaptation.
- 8.5 The Net Zero Edinburgh Leadership board (formerly IIPB) has a workstream focusing on energy and retrofit, which works closely with other subgroups including transport, just economic transition and Edinburgh adapts. These overlapping and interlinked workstreams all work to deliver key actions as set out in the Climate Strategy and forthcoming Climate Ready Edinburgh plan and aim to support integration of adaptation measures across all areas of retrofit.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 A full multi-disciplinary design team is in place that meets regularly to review risk items with the Council and to update the risk register. This helps to ensure that the programme remains on track and that value engineering exercises are regularly undertaken to ensure cost savings are under constant review.

- 9.2 In terms of compliance, the breadth of expertise across the design team has ensured that a range of in-depth surveys and reviews of the existing condition have been undertaken to date with more scheduled. This will ensure that once works to both blocks are completed, they will be fully compliant in terms of existing legislation and will meet more modern new build standards where practical.
- 9.3 The Council meets internally via the Capital Delivery Group to sign off on each RIBA stage and review costs accordingly. If required, briefings for approval to progress to the next RIBA stage are also provided to the Service Director for Housing and Homelessness for sign off.
- 9.4 The interventions required to enable a WHR approach and full block upgrade can often lead to other measures being required such as changes to the existing fire strategy (i.e., Automatic Opening Vents and firefighting lifts needing to be installed in some cases). As such investment costs could increase along with the timeframe for delivery. The additional range of potential health and safety interventions will vary quite significantly from block to block. The first set of multi storey blocks to reach final design will help to inform the wider scope and design package for the future blocks that will be moving into detailed design phase. As such, this design commission is essential in understanding the range of potential intervention that will be required to be reviewed and complexities inherent to a design of this type targeting multi-storey blocks.
- 9.5 In terms of community impact, as part of the WHR programme for multi-storey blocks, a detailed communication plan is created for each design commission for engaging with tenants and homeowners. This is to ensure that they are given the opportunity to meet with the wider design team and Council officers to discuss the planned retrofit and upgrade to the blocks they reside in. This includes foyer sessions, regular newsletters, and other engagement sessions in the wider locality to allow residents to review the proposals and ensure their voice and views are both heard and captured and fed into the design process.
- 9.6 The Housing Service is in regular contact with tenants, through the annual tenants' survey, repairs tenant satisfaction surveys, complaints analysis, an ongoing tenant focus group programme, tenant working groups, feedback from frontline housing officers and tenant feedback submitted to a dedicated mailbox.

## **10. Background reading/external references**

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- 10.1 Award of Contract for Professional Services Framework - Finance and Resources Committee - [29 October 2020](#).
- 10.2 2023/24 Housing Revenue Account (HRA) Capital Programme - Housing, Homelessness and Fair Work Committee – [9 March 2023](#)
- 10.3 Housing Sustainability Approach Update - Housing, Homelessness and Fair Work Committee - [3 June 2021](#).

10.4 Housing Revenue Account (HRA) Budget Strategy 2023/2024 – 2032/2033 – City of Edinburgh Council Committee – [23 February 2023](#).

## **11. Appendices**

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