

Finance and Resources Committee

10.00am, Thursday, 14 March 2024

Cables Wynd and Linksvie House, Design and Development Commission for Full Block Upgrade and Improvement – Contract Variation

Executive/routine
Wards

Executive
13 - Leith

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Notes the original contract commenced on 5 April 2023, with a fee level of £11.853m based on an initial construction value of £20.56m. Following detailed surveys and investigations, a much more accurate construction value of £64.24m can now be attributed to the project. As such, the design fee needs to be increased to £4.71m (inclusive of additional surveys and services undertaken to date);
 - 1.1.2 Due to the significant increase in cost following the original contract award, approves a variation of the existing award SOC374 to AtkinsRéalis (formerly Faithful and Gould), to undertake a whole house retrofit (WHR) approach aligned with wider block upgrades and improvements to Cables Wynd and Linksvie House; and
 - 1.1.3 Notes the costs associated with construction and the contract variation (outlined in the financial impact section of this report).

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Cables Wynd and Linksview House, Design and Development Commission for Full Block Upgrade and Improvement - Contract Variation

2. Executive Summary

- 2.1 This report provides an update on the commission to design and develop full block upgrades at Cables Wynd and Linksview House. Following detailed surveys, it is anticipated that the overall cost of the works required will increase significantly, therefore increasing the overall value of the service contract to AtkinsRéalis (formerly Faithful and Gould) (the rank one supplier under Lot 11 (Multi-Disciplinary Lot) of the Council's Professional Services Framework).

3. Background

- 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. 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, independent 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, external 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 modernise them.
- 3.5 Importantly, both Cables Wynd and Linksview House have 'A listed heritage status' which further complicates how any retrofit and upgrades can be incorporated so that

they do not negatively affect the existing brutalist design features. Due to their Grade A listing these buildings cannot be considered for demolition.

- 3.6 Cables Wynd and Linksview House have been identified as requiring significant capital investment to ensure the 307 properties meet the Energy Efficiency Standard for Social Housing (EESH2).
- 3.7 The Council is the majority owner in both blocks. There are a total of 95 properties in Linksview House and 212 in Cables Wynd House with one and four owners respectively.

Whole House Retrofit

- 3.8 The Council's Whole House Retrofit (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 and meet, where possible, new build standards.

Design Commission

- 3.9 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 the commission for Cables Wynd and Linksview House 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.
- 3.10 This includes provision for a multi-disciplinary team to be engaged (including 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.
- 3.11 The original design commission for [Cables Wynd and Linksview House](#) was approved by Finance and Resources Committee on 10 March 2023.

4. Main report

Current Condition of Cables Wynd and Linksview House

- 4.1 Recent detailed survey work has confirmed that there are extensive repairs required to the concrete panels around the buildings needed urgently to protect the concrete from any further deterioration. The roofs need to be replaced to prevent water ingress and dampness, mould and condensation from becoming prevalent. In addition, the mechanical and electrical services are also at the end of their serviceable life. This includes the communal heating systems, wiring, distribution boards and pipework.
- 4.2 As such, both Cables Wynd and Linksview House need to undergo a full energy retrofit following a WHR approach to meet EESH2. Alongside the wider retrofit

upgrade proposals, both blocks could be upgraded and improved across a range of building components many of which are now life expired. This includes the elements outlined in paragraph 4.1 and 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 to improve the surrounding environment of both blocks should be undertaken.

- 4.3 This more detailed understanding of the full scale of interventions required to bring these blocks up to a more modern standard and carry out extensive overdue repairs and replace end of life services, has led to the estimated construction value increasing substantially to £64.24m.
- 4.4 The costs are based on the most up to date cost plan, which was produced upon completion of RIBA Stage 2 Concept Design.
- 4.5 It is notable that a high degree of the cost increases can be attributed to the replacement of the existing Mechanical and Electrical Plant services (MEP) (which the MEP consultant has advised is beyond serviceable life).
- 4.6 With design information submitted by the Design Team, the following changes in the scope of the construction are proposed:
 - 4.6.1 Allowances for identifying and removing asbestos, which has been identified through a series of surveys conducted as part of the initial stages of this commission (circa £2m);
 - 4.6.2 Works relating to energy retrofit, including works undertaken to building fabric (i.e. downtakings, roof and wall build ups). This is also inclusive of entry doors to flats, fire doors, windows, and insulation (circa £15m);
 - 4.6.3 Works relating to fabric repairs, not inclusive of works scoped to retrofit energy improvement but to undertake general repairs to the building to address backlog maintenance (circa £8m);
 - 4.6.4 Works relating to MEP service replacements and enhancement, inclusive of sprinkler system and (new) dry riser system, firefighting lift (replacement), disposal system (replacement), water services (replacement), heating and ventilation (replacement), electrical services (replacement/upgrade) and general enhancement of the existing utilities to meet modern standards (circa £32m);
 - 4.6.5 Work relating to new residential accommodation, creating new dwellings at ground floor level (circa £1m);
 - 4.6.6 Works relating to new communal/community accommodation, creating new community spaces for the residents (circa £3m);
 - 4.6.7 External works, reconfiguring and upgrading the external spaces around the two blocks to improve the buildings' security and placemaking (circa £2m); and
 - 4.6.8 Other works, such as below ground car park upgrade, cleaning surfaces and making good external areas in need of repair (£1m).

Design Team Services

- 4.7 The existing commission commenced on 5 April 2023 for a period of 24 months based on a 12-month construction period to a total fee value of £1.853m, as per framework rates. This was based on an estimated construction value of £20.56m for a full WHR upgrade and wider block improvements.
- 4.8 In order to deliver all of the identified works at Cables Wynd and Linksvie House, the Council will need to vary the existing award to the AtkinsRéalis (formerly Faithfull and Gould) (the rank one supplier under Lot 11 - Multi-Disciplinary Design Team Services) to continue to carry out the plans for a 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.
- 4.9 The full scope of the revised commission for the works would now include the following:
- 4.9.1 Further review of all current information held by the Council's housing service;
 - 4.9.2 Commission of surveys for any gaps in information held to determine the full condition of the blocks;
 - 4.9.3 Intrusive surveys to target key properties per block to assess structural condition allowing detailed design solutions to be developed;
 - 4.9.4 Physical examination of mechanical and electrical plant and equipment (i.e., lifts, common electrical cabling, internal wet services); and design for replacement;
 - 4.9.5 Appointing specialist sub-consultants to support the wider project team;
 - 4.9.6 Liaising and communicating with residents and owners on the redevelopment plans; and consultation on the proposals for both the building and wider area;
 - 4.9.7 Detailed civil and landscape design to be developed in line with Council requirements;
 - 4.9.8 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, installing automatic opening vents and sprinkler systems;
 - 4.9.9 Liaison with Statutory Authorities for the approval and progression of the final scheme for both the blocks and wider area;
 - 4.9.10 Project procurement of the final works to ensure best value is obtained for the Houring Revenue Account (HRA); and
 - 4.9.11 Project contract and financial management of the final proposals as per the RIBA Plan of work through to completion of the project.
- 4.10 AtkinsRéalis and sub-consultants have both extensive and suitable experience and the resource necessary to undertake this complex commission. AtkinsRéalis have sub consultants already in place (including: Collective Architecture (Architects),

Blackwood Partnership (Mechanical and Electrical Engineers) Atelier Ten (Fire Engineers) Narro Associates (Structural Engineers) and Urban Pioneers (Landscape Architects)).

- 4.11 The revised total value of the commission will be £4.71m.
- 4.12 This commission would deal 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 HRA.

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 one ranked supplier on the Professional Services Framework, Lot 11 - Multi-Discipline Design Team Services – AtkinsRéalis
- 5.2 Subject to approval, the existing design commission will progress to RIBA Stage 3 from 15 March 2024. It is anticipated that the design commission will continue for period of up 12 months. This will be funded through the HRA capital budget.
- 5.3 The Council will also start re-engaging with potential contractors and will seek to enter into a Pre-Construction Service Agreement based on a Two Stage Design and Build Contract.

6. Financial impact

- 6.1 As outlined above, following detailed investigations into the full scale of interventions required to bring these blocks up to a more modern standard and carry out extensive overdue repairs and replace end of life services, the estimated construction value has increased substantially to £64.24m. This will be funded through the HRA capital budget and potentially additional funding support from the Scottish Government via the Social Housing Net Zero Heat Fund.
- 6.2 Due to the increase in construction cost, the total value of the design services contract will also need to be varied to reflect this change. This will be through the Professional Services Framework via direct award to the rank one supplier under Lot 11 - Multi-Discipline Design Team Services, AtkinsRéalis. The total cost will see the design fess increase from £1.853m to £4.71m (inclusive of additional surveys and services undertaken to date). This will be funded through the HRA capital budget.
- 6.3 These costs can be broken down as follows:
 - 6.3.1 Multi-Disciplinary Design Team Professional Fees increase to £4.61m; and
 - 6.3.2 Surveys and additional services to date: £0.105m (lighting design services, GPR surveys, air tightness, CCTV drainage, ecology survey, tree survey, thermographic survey, measure building survey, topological survey, and Ordinance Survey (OS) mapping).

- 6.4 The percentage fee of £4.61m is 7.17% (this fee percentage is a reduction on contractual entitlement which would otherwise be 8% based on the Professional Service Framework rates) of the budgeted contract sum in respect of the project which is based on an anticipated construction cost of £64.24m.
- 6.5 It is noted that this fee is inclusive of a discount on the contractual entitlement of fees of £0.475m.
- 6.6 The Scottish Government has a grant funding programme for retrofit works available via the Social Housing Net Zero Heat Fund. As such up to 50% of the energy related works could be fully funded by the Scottish Government. Which would amount to a potential grant of £11.2m. Other sources of grant funding will also be explored throughout the design phase to help offset costs where possible.

7. Equality and Poverty Impact

- 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 of Council 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 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

- 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

- 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 both blocks, once works are completed, 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 though 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. As such this design commission is essential in understanding the range of potential interventions 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 Lot 11 Framework was competitively tendered to assess the cost and quality of prospective suppliers. AtkinsRéalis were appointed as the number 1 ranked supplier on this basis, with their appointment for this project priced using the rates set out within the framework. The performance of this supplier is managed through continuous monitoring against defined KPIs. The project team are made up of several specialist subconsultants appointed by AtkinsRéalis as lead consultant, therefore the majority of the fee spend is associated with these subconsultants (circa three quarters), several of which are local SMEs.
- 9.7 Separate to the professional service delivery of the project, AtkinsRéalis have committed to delivering community benefit initiatives within the local area at no additional cost to CEC. The value of this is reviewed and assessed by CEC and is commensurate with the value of the commissions, thus the commitment will be further extended to reflect the uplift in project value presented herein. Examples of initiatives undertaken to date include voluntary work at Dr Bells Family Centre, working with pupils at Leith Academy to promote careers in STEM and facilitating a gardening and bulb planting activity with the residents of Cables Wynd House.
- 9.8 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

- 10.1 2023/24 Housing Revenue Account (HRA) Capital Programme - Housing, Homelessness and Fair Work Committee , [9 March 2023](#).
- 10.2 Housing Sustainability Approach Update - Housing, Homelessness and Fair Work Committee, [3 June 2021](#).
- 10.3 Housing Revenue Account (HRA) Budget Strategy 2023/2024 – 2032/2033 – City of Edinburgh Council Committee, [23 February 2023](#).

11. Appendices

- 11.1 None.