

Report to Cabinet

24 November 2021

Subject:	Refurbishment of Darley House, Alston House, Radnall House, Birchley House, Century House and Selby House, Wallace Close, Oldbury
Cabinet Member:	Cabinet Member for Housing, Councillor Zahoor Ahmed
Director:	Director of Housing Gillian Douglas
Key Decision:	Yes Above £250,000 threshold
Contact Officers:	Steve Greenhouse – Service Manager – Asset Management and Maintenance steve_greenhouse@sandwell.gov.uk Jonathan Rawlins, Business Manager - Asset Management and Maintenance Jonathan_rawlins@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given to authorise the Director of Housing to award a contract for the refurbishment of Darley House and surrounding low rise flats at Wallace Close, Oldbury to Lovell Partnerships Limited, for the sum of £20,531,855, for a period of 34 months, from January 2022 to November 2024.
- 1.2 That the Director – Law and Governance and Monitoring Officer be authorised to enter into appropriate contract for the Refurbishment of Darley House and surrounding low rise flats at Wallace Close, Oldbury with Lovell Partnerships Limited.



1.3 That any necessary exemptions be made to the Council's Procurement & Contract Procedure Rules to enable the course of action referred to in 1.1 above to proceed.

2 Reasons for Recommendations

2.1 This report seeks approval to award the contract to undertake the Refurbishment of Darley House and the surrounding Low-Rise Blocks of Flats at Wallace Close, Oldbury to continue the substantial investment in the Council's housing stock. The contracted works will deliver an upgrade to the 1 x 19 storey block of flats, 2 x 3 storey blocks of flats, 3 x 2 storey blocks of flats. 3 new units of social housing will also be created by converting the current ground floor of Darley House.

3 How does this deliver objectives of the Corporate Plan?



Quality homes in thriving neighbourhoods

This contract will provide a complete transformation of the existing buildings creating dwellings that will better meet people's needs, in addition to providing 3 new affordable homes.

The external walls of the blocks will be fitted with insulated rain screen cladding, including new external integrated windows that will conform with all relevant regulations.

Darley House will also have a new pitched roof, balcony improvement and internal refurbishment.

As part of the Council's commitment to climate change upgrade of its housing stock, all the blocks will have a new local district heat pump network installed to replace the current storage heaters. This will include new radiators and hot water system to each dwelling.

This treatment will not only improve the look of the blocks but will also improve energy efficiency which will assist in lowering tenants' fuel bills. The environment around the blocks will be modernised to provide much needed car parking as well as a more aesthetically pleasing area.

A new pitched roof will be installed, and balcony upgrades will be carried out at Darley house.



Ambition 5: Our communities are built on mutual respect and taking care of each other, supported by all the agencies that ensure we feel safe and protected in our homes and local neighbourhoods.
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4 Context and Key Issues

- 4.1 The Council is seeking to appoint a contractor to undertake the Refurbishment of Darley House and surrounding low rise flats at Wallace Close, Oldbury to Lovell Partnerships Limited for a contract period of 34 months, from January 2022 to November 2024.
- 4.2 Darley House and the surrounding low-rise blocks are within the Tividale ward.
- 4.3 On 18th October 2017 Cabinet approved the Housing Revenue Account (HRA) – Housing Investment Programme report. The report set out a refreshed 10-year HRA investment plan to enable the delivery of new build projects and to continue investment into existing stock and communal spaces in our neighbourhoods. The report included a commitment to complete the refurbishment of the final 13 of the Councils 54 high rise blocks managed by the Council. The remaining 11 blocks still requiring external refurbishment are detailed within the Cabinet Report of 18th October 2017.
- 4.4 One of the key aspects to the report was to maintain and where necessary upgrade our existing stock.
- 4.5 The Council has delivered a programme of improvements to High Rise Blocks of flats across the Borough generally including improvements to the external fabric such as new windows, surface treatment such as render and cladding and roofing works together with improvements to the communal areas such as new entrances, fire retardant paintwork and fire doors.
- 4.6 The high-rise refurbishment projects have been a highly visible sign of the significant investment Sandwell has made in its stock and has proved popular with residents and visitors alike.
- 4.7 This scheme comprises the alteration and refurbishment of several buildings on the Darley House estate:



Darley House, a 19-storey block of flats
Alston House, a 3-storey block of flats
Radnall House, a 3-storey block of flats
Birchley House, a 2-storey block of flats
Century House, a 2-storey block of flats
Selby House, a 2-storey block of flats

- 4.8 The work comprises new pitched roof to Darley House, new entrance porches, replacement windows, replacement front doors & balcony doors, fire precaution works, rainscreen cladding, mechanical & electrical service installations including the installation of a district heat pump system, hard and soft landscaping and Contractor Designed Work. A district heat pump system has been incorporated into the works as part of the Council's focus on climate change and will contribute to the current built environment action plan contained within the Councils Climate Change Strategy 2020 – 2041.
- 4.9 The project aims to provide modern council owned accommodation to a high standard suitable for rent to council tenants and will provide an additional 3 new flats within Darley House.
- 4.10 In order to comply with the council's Procurement and Contract Procedure Rules, tenders were invited using the Homes England framework agreement. This ensured that only contractors with suitable refurbishment experience were invited to tender.
- 4.11 Expressions of interest were published via the Homes England framework on 22nd March 2021, to which 3 responses were received.
- 4.12 Invitations to tender were issued on 30th July 2021 and 1 tender was received.
- 4.13 The Procurement Business Partner has been consulted and their advice is that an exemption is required as a result of only one bid being received. This is in accordance with Procurement and Contract Procedure Rule 8.11.
- 4.14 In accordance with the Council's Procurement & Contract Procedure Rules (Rule 15) an exemption from any rule for a contract above £250,000 must be approved by Cabinet.



- 4.15 The one compliant tender received has been evaluated in accordance with the criteria stipulated within the tender documentation, 70% Price and 30% Quality.
- 4.16 Officers have reviewed the submitted tender document from Lovell Partnerships Limited and have concluded that the majority of the submission is in line with current similar submissions for similar works and coupled with feedback that officers have received from the industry with regards to current price rises. The main increase in costs highlighted compared with the original estimate are: -
- Heat pump network costs
 - Cladding costs
 - Preliminaries increase (including contractors risk)
 - Low Rise Flat refurbishment costs
 - Current inflation on remaining elements
- 4.17 Lovell Partnerships Limited's quality submission has also been reviewed by officers and is also in line with previous recent submissions from Lovell and is deemed a high-quality response.
- 4.18 It is therefore recommended that a contract be awarded to Lovell Partnerships Limited to a value of £20,531,855 for a period of 34 months, from January 2022 to November 2024.

5 Alternative Options

- 5.1 The alternative is to not invest in our Council Housing Stock which in turn may lead to dissatisfaction from existing and potential new tenants as well as disrepair and additional burden on the Housing Revenue Account.
- 5.2 To re-procure the proposed works, however it is felt that owing to the current uncertainty around material prices within the industry that the tender of Lovell Partnerships Limited provides the best value option and outweighs the cost of re-tendering and the risk of receiving higher bids.



6 Implications

Resources:	The cost of the refurbishment of the Darley House estate is £20,531,855 and will be funded from within currently approved HRA budgets. These budgets were approved by Cabinet in October 2017 with allocations against High Rise and Low-Rise improvement works. The additional borrowing costs associated with the increased price will be circa £300k per annum. These costs can be funded from within existing HRA budgets.
Legal and Governance:	This procurement has been undertaken via the Delivery Partner Panel 3 framework as maintained by Homes England and following approval the contract will be awarded in accordance with the council's Procurement and Contract Procedure Rules and the Public Contracts Regulations 2015
Risk:	No risks had been identified.
Equality:	Works will be undertaken to all properties where required and as such an assessment has not been undertaken.
Health and Wellbeing:	The work will ensure the buildings remain wind and weather tight as well as improving the thermal efficiency.
Social Value	<p>Social Value will be achieved through the inclusion of an Employment and Skills Plan (ESP) contained within the formal contract with Lovell Partnerships Limited. The plan includes contractual performance indicators such as work experience placements, apprenticeships in addition to school engagement and community activities.</p> <p>Lovell Partnerships Limited, through their tender submission, welcome the opportunity to further provide substantial benefits to the Darley House estate, Oldbury and Sandwell (SMBC) community. They will continue to develop their 16-year long partnership and collaborate with SMBC to achieve and exceed your social value objectives and provide resources to deliver measurable benefits. The Lovell Legacy will continue to flourish within the Sandwell community, through the</p>



	<p>continuation of social value activities improving employment and training opportunities and look to reduce environmental impacts.</p> <p>Local Labour - on their current Sandwell contracts, 100% of workforce live within 25 miles of the office and 45% within the Borough of Sandwell.</p>
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7. Background Papers

None

8. Appendices

None

