

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	8 APRIL 2019		
TITLE:	REPLACEMENT OF WATER STORAGE, MAINS WATER SUPPLIES AND DISTRIBUTION PIPEWORK TO COLEY HIGH RISE TOWER BLOCKS AND INSTALLATION OF SPRINKLER FIRE SUPPRESSION SYSTEM		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The report seeks the following approval as part of the project to replace the existing water storage facility, water supply mains and distribution pipework at the Coley High Rise Flats in Wensley Road, incorporating the installation of a new fire suppression sprinkler system to each block of flats:

- Authority to enter into a negotiation and value engineering exercise for the works with the lowest tenderer, United Living, following the tender exercise carried out via the Fusion 21 Framework and, subsequently, award the contract for the works.
- Approval to spend a revised increased total of up to £3.35m.

2. RECOMMENDED ACTION

2.1 That Policy Committee provide delegated authority to the Head of Housing and Neighbourhood Services in consultation with the Lead Councillor for Housing to enter into a negotiation and value engineering exercise for the works as tendered and award the contract for the replacement of water storage, mains water supply and distribution pipework and the installation of fire suppression sprinkler systems at flats at Coley High Rise, Wensley Road, Reading.

2.2 That Policy Committee approves a revised capital expenditure of up to £3.35m in the Housing Revenue Account across the financial years 19/20 and 20/21.

3 INTRODUCTION AND BACKGROUND

- 3.1 Coley High Rise Tower Blocks are located off Wensley Road, Reading and provide accommodation comprising 267 two and three bedroom flats and bedsits, distributed equally over the three 15-storey blocks.
- 3.2 On 19th February 2018, Policy Committee approved capital expenditure of up to £2.5m in the Housing Revenue Account across the financial years 18/19 and 19/20 to replace the water systems in the blocks and to install fire suppression sprinkler systems in the flats. Committee also approved the submission of a Planning application for the ground level water storage tank and pumping station required, and delegated authority for award of the contract for the works to the head of service in consultation with the lead councillor for Housing.
- 3.3 The water supply pipework in the blocks has exceeded its operational lifespan as have the water storage tanks and the systems need to be replaced. This replacement work presents an opportunity to improve access to the dry risers (vertical pipes intended to distribute water to multiple levels of a building) and to relocate water tanks - which will reduce maintenance costs; reduce the need to access flats to carry out repairs; ensure compliance with current regulations; and reduce costs of servicing.
- 3.4 The Council has also committed to retrofitting sprinkler systems in the Coley high rise blocks, although this is not a current legal requirement as per reports to Housing, Neighbourhoods and Leisure Committee in November 2017 and March 2018. Including the sprinkler system installation within the water main replacement project is the most cost-effective and expedient approach to complete the works and will minimise potential tenant disturbance.

4 CURRENT POSITION

- 4.1 Ridge and Partners were engaged under the City West Housing Framework to prepare a full design, specification and schedule of works documents on behalf of RBC. They prepared and obtained Planning approval for the works. A procurement exercise was undertaken using the Fusion21 Framework on a fully managed basis. The framework is specific to the type of works which the Council wish to carry out at Coley High Rise and gave direct access to pre-approved specialist contractors highly experienced in this type of work.
- 4.2 Following the procurement process unfortunately only one tender return was received in the sum of £3,354,375. There has been a continued growth in demand for this type of large volume works following the events at Grenfell Tower, and the contractors at this work value band have a shortage of available resources to tender and undertake works. There has consequently been a significant uplift in the expected costs of the new water storage facilities and the sprinkler installations and various associated works from specialist nominated suppliers.
- 4.3 A retendering exercise via the framework could be undertaken, however, taking into account feedback received from suppliers further to the procurement exercise, it is unlikely that we would receive a better response or

a cheaper tender and given the urgent nature of the works it is not an option to wait to see if the market will rebalance at a future date.

4.4 The framework agreement allows for a post tender value engineering process where only 1 or limited tender responses are received, provided the essential works are not materially changed and a clear objective is identified. United Living have indicated that they would be open to working with RBC, Ridge and Fusion 21 to undertake this process. There is no financial burden on RBC for this exercise.

4.5 Authority is therefore sought to enter into a value engineering exercise with United Living and, subsequently, to award the contract for the works. Based on current conditions it is difficult to quantify the potential reduction achievable against the tendered sum. Whilst a reduction in spend will be sought without compromising the effectiveness of the systems, spend approval is sought up to the full tender sum.

4.5 It is anticipated that subject to Committee approval, the exercise would be commenced within two weeks of approval and would be completed within three weeks. A commencement of works on site of June 2019 is anticipated. In addition, the contractors have proposed a reduction in the contract period, which would see the works completed within 12 months. This would appear a tight programme for the works, but the contractors have maintained their confidence that this could be achieved.

5.0 CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposed works will deliver improvements to Council housing stock and contribute to the corporate plan priority 'Improving access to decent housing to meet local needs'. Tenants will also have potential to reduce their ongoing water rate bill by the installation of water meters. The installation of a sprinkler system to the blocks will improve fire safety for tenants.

5.2 Tenderers were advised that the Council's current Low Wage policy expects the payment of the Living Wage rate set independently by the Living Wage Foundation and updated annually in the first week of November each year. All providers appointed are expected to pay a living wage in accordance with this policy to all staff working on Reading Borough Council contracts.

6.0 COMMUNITY ENGAGEMENT AND INFORMATION

6.1 There will be an ongoing process in place to engage with tenants (and any leaseholders) in the blocks. A communications plan will be agreed with tenant's representatives and relevant lead and Ward councillors.

6.2 The contract will state that the successful contractor will be required to appoint and maintain a tenant liaison officer on site for the duration of the works. Tenants will be provided with details of the work programme dates and the contractor will engage directly with them to agree convenient access to transfer each tenant's water supply onto the new installation.

7.0 EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to –
- eliminate discrimination, harassment, victimization and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 No Equalities Impact Assessment is required for this contract.

8 LEGAL IMPLICATIONS

- 8.1 This contract has been procured in accordance with the current Reading Borough Council Procurement rules and will be awarded using the Joint Contracts Tribunal (JCT) ‘‘Intermediate Form of Contract - 2016’’.
- 8.2 Consultation with Fusion21 has identified that under the Dynamic Purchasing Systems, the framework allows for a post tender value engineering process where only 1 or limited tender responses are received, provided the essential works are not materially changed and a clear objective is identified.

9. FINANCIAL IMPLICATIONS

- 9.1 Within the Housing Revenue Account (HRA) 30 year plan and the Council’s capital programme there is a budget allocation of £1.53m for the water main replacement works and £750,000 for the installation of sprinklers in the Coley High Rise blocks as part of a wider provision for sprinkler installation.
- 9.2 Spend approval is sought for a total of up to 3.35m (subject to value engineering) - an additional £850,000. Expenditure is anticipated to be spread over two financial years - under the contractors proposed programme, this would be split between circa £2.5m in 2019/20 and £850kin 2020/21.
- 9.3 The overall revised spend approval at £3.35m allows for a contingency of circa 10% - this is prudent given the nature and complexity of the works.