

BOROUGH OF POOLE

CABINET

FEBRUARY 2019

**PROJECT ADMIRAL
REFURBISHMENT OF THE OLD TOWN TOWER BLOCKS**

PART OF THE PUBLISHED FORWARD PLAN YES

STATUS - Strategic and Service Delivery

1. PURPOSE

- 1.1 To seek Cabinet and Council approval for the major maintenance programme within the Old Town known as the Project Admiral programme
- 1.2 To seek Cabinet and Council approval for the process to be adopted for awarding the contract to delivery the major maintenance programme
- 1.3 To seek Cabinet and Council approval for Housing Revenue Account capital funding to the value of £20.25m to deliver the project

2. DECISION(S) REQUIRED

It is recommended that Cabinet recommend to Council the following:

- 2.1 To approve the scheme to undertake the major maintenance programme within the Old Town detailed under Project Admiral
- 2.2 To approve funding of £20.25m to deliver the scheme to be financed from the Housing Revenue Account capital programme
- 2.3 To note the recovery of any necessary financial contribution from leaseholders set out under section 20 legislation.
- 2.4 The contractor recommended for appointment is included in Appendix A. Non Public report.
- 2.5 That the project is shared with the Shadow Executive Committee for consultation on approach

3. BACKGROUND INFORMATION

- 3.1 The tower blocks in Poole Old Town were built between 1962 and 1969 and consist of 249 flats of 1 and 2 bedrooms, in four 10 storey tower blocks. They are identified as Drake Court, Grenville Court, Nelson Court and Rodney Court. All of the blocks are Wimpey No-fines construction which consists of an in situ reinforced concrete frame with no fines walls which have a rendered external finish. This construction was widely used in the 1960s but produced poorly insulated solid walled buildings. The flats were built to space standards applicable at the time, but these are small compared to the standards required currently.
- 3.2 The tower blocks provide 215 units of council stock to Borough of Poole residents and an additional 34 flats that have been sold. These flats are known as “leasehold” properties, of which 11 are sub let and not occupied by the owners and the remainder occupied by the owners who, in the main, were the tenants who bought under the Right to Buy.
- 3.3 The original buildings underwent a significant refurbishment programme between 1988 and 1990 as part of the 30 year major maintenance plan. In 2006 defects to the buildings were being increasingly identified and a structural survey was undertaken which identified defects to all blocks including areas of loose render, cracking to render and brickwork finishes and issues with mastic finishes. Following this a programme of periodic repairs has been in place with on-going repairs to the render and balcony defects as arising. Access to 10 storeys make the monitoring and repairs a high cost per unit and therefore repairs have been undertaken periodically with close management and review of the building to ensure that all health and safety measures are in place.
- 3.4 In 2016 a further report was completed to consider:-
- Current condition of the structure
 - Identification of visible defects to the exterior
 - Identification of immediate safety hazards
 - Recommendation of necessary repairs to prolong the life of the blocks
 - Recommendation as to the likely lifespan of current materials
- 3.5 The survey concluded that in common with other No-fines flat blocks the tower blocks in Poole Old Town were suffering from a range of structural defects to both the underlying frame and also to the secondary cladding structure. An immediate and ongoing programme of repairs was set out and this programme was approved by council in November 2016.
- 3.6 The survey also recommended that a major maintenance programme must be undertaken to address the issues that had been identified and make the buildings fit for purpose for the next 30 years. It is expected that patch repairs work would not be possible after 5 years; therefore it is imperative to complete

the major works within this timeframe to be able to ensure that the tower blocks are fit for purpose going forward.

- 3.7 In November 2016 Council considered the position set out in the structural report and agree the following recommendations –

To note that immediate repairs will be actioned by 2017 in order to make safe the current buildings.

To agree that the major maintenance work will be taken forward and that more detailed plans describing works to be undertaken, the procurement route, timelines and consultation process will be brought forward

To consider what further work should be completed within the Old Town that would deliver additional benefit to the residents, either via in fill or development of the community “heart”, and that proposals for this further work should be brought forward

To agree that a consultation framework should be established reflecting the level of work that Borough of Poole would like to see delivered and encompassing all relevant stakeholders.

4. PROPOSAL

- 4.1 Since November 2016 Poole Housing Partnership have undertaken significant work to develop the proposals for the major maintenance programme that will form the basis of the approach to the tower blocks for the next 30 years. These proposals will address the defects identified within the 2016 survey and ensure that the buildings remain fit for purpose and deliver adequate housing stock for those currently living in them or for meeting future housing need.
- 4.2 The proposals have been developed in conjunction with Arcus Consulting who bring expert knowledge of the current approaches to the major maintenance of tower blocks and knowledge of the current market for delivery of these options. These proposals have been tested across a range of stakeholder groups including local councillors and residents living within the Old Town, both in the tower blocks and the surrounding area. The proposals also take into account the desire to enhance fire management approaches across the tower blocks with the recommendation that sprinklers will be fitted and all façade materials will be non combustible.
- 4.3 The work to be undertaken will cover the following areas –
- Roofing replacement
 - Façade Removal and refit
 - Removal and refit of balconies
 - Supply and fit of windows
 - Main entrance lobby structures
 - Electrical works

- Refit of heating and hot water systems
- Sprinkler system
- General works

4.4 A range of options were considered which included –

External Façade

4.5 The consideration of use of rain screen cladding or replacement of render, both of which deliver a non combustible exterior to the building. The use of rain screen cladding is preferred as it is more cost effective over the lifetime of the project and should have an extended lifespan of 60 years compared to 20 to 25 years for render. The use of cladding is more effective and resilient in seaside locations with render subject to staining and early failure as has been demonstrated with the current maintenance programme. The specification for cladding set out that only a Class A material would be considered and this reflects recent MHCLG requirements around ensuring that no combustible materials are used on external facades of buildings.

Balconies

4.6 The current balconies will need to be removed in order to fit the rain screen cladding and address cold bridging issues identified in the 2016 structural survey. Replacement options considered were –

- Make good the current balcony
- Leave flat without a balcony
- Enclose the current balcony
- Create a winter garden

4.7 The option to make good the current balcony was discounted as this did not address the cold bridging experienced within the flats leading to damp and mould issues. The option to leave the flats without a balcony was also discounted as this would reduce the space standards available to current and future tenants and may make the flats difficult to rent in the future. This option would also lead to a large building mass with limited definition or character therefore negatively impacting “place” features in this area of the Old Town.

4.8 The 2 remaining options; enclose the current balcony space and create a winter garden, would both address the space issues for the flats, provide some form of outside space and enhance the look of the building. The preferred option of “create a winter garden” balcony is the recommended way forward as this can meet required outcomes in the most cost effective manner and deliver an improvement on the thermal efficiency of the building.

4.9 The options available for replacement of the current windows are via aluminium frames or aluminium clad / wood composite frames. The preferred option is the wood composite approach as this requires lower maintenance for the resident, delivers a warmer decorative effect and is expected to last 40

years compared to 30 years for the aluminium frame. Both options have the same capital cost.

Speed of Delivery

- 4.10 As part of the tendering process the contractors were asked to submit their pre-construction design programme as well as their optimum refurbishment delivery programme.
- All three contractors proposed a pre-construction design programme that completed prior to the commencement of the main refurbishment works.
 - The pre-construction design and mobilisation phases ranged between 6 and 9 months from contract award.
 - The contractors full project programmes all commenced with a longer lead-in period for the first block, to allow for a period of 'lessons learnt'.
 - The contractor's full project programmes ranged from between 24 to 38 months from inception to completion of the four blocks on site. Indicating the contractors would be working on a multiple of blocks at the same time to deliver the optimum value.
 - In general the contractors sequencing of work meant they would only be working on the internal elements of two blocks at a time, but there could be some overlap on the external elements of work on the other two blocks at the same time around either mobilising or removing site access plant and equipment.

Fire Safety

- 4.11 The delivery of the project is acutely aware of the impact of new and emerging fire safety considerations. This will include the outcomes of the Hackett Enquiry which are currently available and emerging recommendations from the Grenfell enquiry. The tower blocks are also subject to the fire risk assessment (FRA) programme that is in place across all PHP managed buildings. This approach will be maintained throughout the refurbishment of the building but it is recognised that this increases risk to the building as compartmentation may be breached as work is completed. PHP will ensure that regular FRA reviews are conducted at key stages of the work to ensure the building fire integrity isn't compromised and the processes are in place to manage this risk.
- 4.12 The council has already supported the decision (Cabinet decision July 2016) to ensure that sprinklers are fitted throughout all flats and communal areas as part of this refurbishment and specifications for this have been included in the tender. Along with this the cladding will be Class A materials ensuring that it meets current requirements and emerging approaches agreed by MHCLG.

Resident Engagement

- 4.13 Enhanced resident involvement and identification of a building manager through which fire safety and other concerns can be reported will also be put in place as part of the ongoing management of the building both during the

programme and after the completion of works. This reflects the recommendations within the Hackett Report and seeks to ensure that all PHP managed buildings deliver best practice within this area.

Leaseholders

- 4.14 There are 34 leaseholders that live across the Old Town and in accordance with all works to properties there is a requirement for leaseholders to pay for a proportion of the cost of repair and maintenance improvements work in accordance with clauses within their lease.
- 4.15 The actual amounts will not be known until completion of the refurbishment contract but estimates based on the recommended contractors tender sum submission have been prepared for individual leaseholders in compliance with the section 20 leasehold consultation regulations. PHP will issue section 20 notice letters and estimates following Council approval of the project budget. There are a range of repayment options available to leaseholders that will be in place and the council also has a “Discretionary Reduction of Service Charge” policy in place that leaseholders can access if these charges put them into financial hardship.
- 4.16 Following Council approval of the budget and award of contract PHP will commission an independent valuation report of the flats within the blocks to determine an average property valuation before and after the refurbishment works. This will help indicate the average market value leaseholder’s homes are likely to increase by post completion of the work. This should go some way to addressing the financial hardship that some may experience.
- 4.17 Poole Housing Partnership recognise that this may be a difficult message for many leaseholders and are establishing an ongoing working party that will meet with leaseholders specifically to assist in managing their issues. The first meeting of this group will take place in March 2019.

Regeneration / Other Benefits

- 4.18 The November 2016 recommendations asked for further work to be completed on the regeneration of the area and further benefits that may accrue to residents. It has been clear in bringing together the proposals focus has been on securing the delivery of the refurbishment works and seeking to maximise the visual impact that the buildings will have in the Old Town. Any further regeneration or community developments are likely to emerge as the work takes place and discussions emerge organically.
- 4.19 It is also worth noting that the work completed at Sterte Court led to an enhancement of community relationships and the delivery of a community development programme that has benefited all residents making it a highly desirable place to live, both in terms of the fabric of the building and the local community interactions. This grew organically from the scheme and the lessons drawn from this are that the high level of disruption from major

maintenance work can be utilised to build community ties that deliver outcomes far beyond general housing management.

Procurement

- 4.20 The contractor has been procured via an open advert on the Official Journal of the European Union (OJEU) which will deliver a contractor that specialises in this type of work. PHP has led on the procurement process and been supported by Arcus consulting who are experts in the field of Tower Block design and Project Management.
- 4.21 Five contractors submitted an expression of interest at the SQ qualification stage. All five were successful and invited to proceed to the full tender submission stage. Of the five contractors three full tender submissions were received by the council before the tender closing deadline on the 24th November 2018. The contractors tender submissions were split into two specific categories for separate evaluation purposes based on the following evaluation weighting: Quality submission 60% and financial submission 40%
- 4.22 Individual team member's evaluation scores have been collated by Strategic Procurement to establish a matrix of how each of the contractors ranked against the weighting. The matrix has been used to inform the full tender evaluation report produced by Arcus Consulting Ltd.

Planning and Resident Engagement

- 4.23 Any proposed façade design changes to the external refurbishment of the tower blocks require formal approval through the local planning process. Prior to the formal planning application submission PHP organised a resident consultation event to inform the occupants of the flats of the proposed scope of work that would be included within the refurbishment and obtain their feedback on the proposed designs and material selections in order to help inform the overall process and the planning application.
- 4.24 The consultation event took place on Saturday 9th June 2018 and was very well attended with over 230 visitors. These visitors included over 90 registered tenants or leaseholders along with their family members. There was a good representation of residents across all four tower blocks ranging from a minimum of 32% and max of 40%
- 4.25 The residents were asked to provide their feedback on key components of the proposed design, e.g. cladding façade, windows, balconies and sprinkler system. Residents were specifically asked for their feedback on the proposed balcony design and of the 90 feedback forms that were returned, 93% of residents scored the design 4 or 5 out of 5.
- 4.26 Following the consultation event Arcus Consulting finalised the design plans and submitted them for planning in July. The applications for all four blocks were approved on 11th October 2018.

Quality

- 4.27 The work that will be delivered must be of a sufficient quality to deliver effective maintenance for the next 30 years. In order to deliver this expert consultants in tower block refurbishment have supported the procurement process, ensuring that specifications will deliver effective outcomes. The implementation of the work will be overseen by an Employers Agent and all products have been sought based on both quality and life time of delivery.

5. FINANCIAL IMPLICATIONS

- 5.1 The estimated total cost of the project is expected to be £20.25m
- 5.2 Details of the cost table are included in Appendix A. Non Public Report.
- 5.3 The procurement process took 3 potential delivery contractors through to full tender and each submitted a bid that has been formally evaluated. The bids submitted reflected the values included in the soft market testing approach supported by Arcus Consulting. The financial element of the bids have been tested via commercial evaluation and are deemed to be appropriate for work of this nature.
- 5.4 Included within the project budget is a contingency for emergency works not known at the time of tender as it's not uncommon to find additional structural works required to non-traditional high rise blocks once the building is opened up. This reflects the common practice of 5% and allows the delivery of the project with minimal levels of adjustments. The existing site footprint of each of the tower blocks is extremely small and there are areas where it will be difficult to mobilise the contractor or un seen implications on the estate around further loss of car parking or garage facilities are likely to occur from placing such large lifting equipment, material storage and moving equipment across the site. Included within the project is a contingency sum of 3% to allow the client Project Board to be addressed these issues as they emerge, while not undermining the overall financial approach to the project. This value has been estimated based on local costs currently known and expected remedial actions.
- 5.5 Project management fees cover the cost of works already undertaken, such as planning applications and site investigations surveys to inform the tender process. Also included is the ongoing management cost of overseeing the work of the contractor and ensuring that all works are completed to an acceptable standard. This will include the management cost of the PHP team as well as an Employers Agent and cost consultant who will spend time on site each week to review work. Also including here is the cost of a resident

liaison coordinator who will work with all affected residents. This role will seek to minimise levels of disruption and deal with emerging resident or estate issues, seeking innovative solutions. This post is key to the successful delivery of the project from a resident perspective.

- 5.6 Under section 20 legislation, leaseholders are required to meet the cost of essential repairs and maintenance work to the buildings within which they own their properties. PHP will issue all leaseholders with section 20 notice letters and estimates of the work in line with legal requirements.
- 5.7 The project will be funded from the Poole Housing Revenue Account capital programme. This project has been indicated in the HRA budget setting report due to be considered by the shadow BCP authority in February 2019 and notified in previous forward plans considered by Poole council when setting the HRA budget. The proposed budget includes the first 3 years of the planned spend to the value of £8m with the remaining £12.25m to be committed in future years.

6. LEGAL IMPLICATIONS

Leasehold regulations.

- 6.1 Following approval of the project budget PHP will produce the individual section 20 stage two leasehold notice letters in compliance with the formal legislation process. These letters will include a schedule of the relevant work and their estimated values that each leaseholder is responsible to pay under the terms of their lease.

7. RISK MANAGEMENT IMPLICATIONS

Outcome of procurement / Brexit Implications

- 7.1 The procurement process has identified 3 potential contractors who have identified similar proposals and to some extent cost plans to deliver the work contained within the Project Admiral plan. All have included assumptions around their cost planning and the sourcing of material from across Europe. These all assume that the current trading arrangements are in place and that these can be achieved by the contractors.

Recovery of Leasehold costs

- 7.2 The approach to leasehold consultation and recovery of costs incurred is covered by the section 20 legislation and requires leaseholders to meet the costs of the works undertaken to the structure of the building. It is recognised that these costs are of a value that leaseholders are likely to need to seek financing options from mortgage companies or other routes. PHP will ensure that all legal requirements are met so that full costs can be recovered and will work with legal colleagues to deliver this element of the project. The resident liaison coordinator will also meet regularly with leaseholders to understand their concerns and seek to mitigate any risk to the recovery of funds.

Disruption to the Old Town during build

- 7.3 The mobilisation of the contractor during the build is expected to take place across areas currently used for car parking. This will impact on already high levels of demand for car parking and access space across the Old Town. Equally due to the very limited footprint of open space around the perimeter of the blocks the contractor's strategic approach lifting and accessing the building, material delivery, storage and site movement could result in further resident and estate disruption. To help minimise this at the tender stage PHP staff sought early engagement with Planning, Highways, Transport and Arboriculture colleagues at the Council to produce a 'Constraints Plan' for bidding contractors to take into consideration as part of their approach to tender design, health and safety plan and works programmes within their tender submission.

8. EQUALITIES IMPLICATIONS

- 8.1 Reduction of heat loss – lower fuel poverty. The proposed refurbishment works will alleviate the inequalities that are being experienced around the buildings current thermal performance due to the deterioration of the buildings insulation and the existing structure creating sections of cold bridging. The proposed works will generally improve the thermal efficiency of all the flats through:
- Replacement insulation that encapsulates the full building following the removal of the original balconies.
 - New double glazed windows.
 - Balcony door and winter garden balcony – reducing prevailing wind.
 - Roof covering replacement will include additional insulation to meet the latest building regulation standards
 - Replacement storage heaters and hot water storage cylinders.
- 8.2 The work will ensure that the council will continue to deliver 249 units available for social rent, meeting needs of the housing register
- 8.3 Access to outside space. The removal of the existing small concrete balcony structures and replacement with a winter garden structure will provide residents with:
- Extended living space for several more months of the year.
 - Ease of access to personal open space and fresh air.
 - Personal outside space to relax and enjoy the views across the town.
 - Small personal garden space to grow plants
- 8.4 The needs of people living with the flats will be considered throughout the build with particular consideration to noise impact during the day. There may be a requirement to provide alternative space to mitigate noise impact for

those residents in the property during the day. The delivery of this will be discussed during the resident engagement with appropriate solutions sought.

9. CONCLUSIONS

- 9.1 The delivery of Project Admiral will ensure that the current tower blocks in the Old Town can deliver appropriate social housing for the next 30 years. The work will enhance essential fire safety measures; remove current health and safety defects with the building structure and façade that will also correct any historic cold bridging design issue. It will deliver desirable flats that will enhance the “place” across the old Town and support the wider regeneration of the area.
- 9.2 The project will be complicated to deliver and resident engagement from the beginning will be key in managing emerging issues and mitigating the disruption that will be caused. However experience from this work at Sterte Court is that a stronger, more involved community will emerge that will enhance the area as a place to live and that the benefits will go far beyond the physical improvements that will be delivered.
- 9.3. A summary of the tender evaluation outcome and contractor recommended for appointment is included in Appendix A. Non Public report.
- 9.4 A major outcome of the project will be the significant change to “place” within the Old Town with the improvement in both the look and the operation of the tower blocks. These changes represent the major maintenance programme that is undertaken once every 30 years and will ensure the continued safe operation of the buildings for at least this time period, delivering a quality product and a more pleasant environment in which to live.

Appendix A – Non Public Report

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