

**Decision Report – Executive Lead Member
and Officer Decision**

Forward Plan Reference: FP/23/ 09/23

Decision Date – 21 December 2023

Key Decision – yes



**Appointment of Demolition Contractor for Wordsworth flats and North Taunton
Woolaway Project phases B, C1 and D1**

Executive Member(s): Lead Member for Communities, Housing and Culture
Local Member(s) and Division: NTWP –Ward: Cllr Lee Baker & Cllr Tom Deakin,
Wordsworth –Ward: -Cllr Hazel Prior-Sankey, Cllr Fran Smith
Lead Officer: Chris Brown, Service Director, Housing
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Summary / Background

1. Following completion of an invitation to tender for the demolition of phases B, C1 and D1 of the North Taunton Woolaway Project and for demolition of the flats at Wordsworth Drive/ Coleridge Crescent this report seeks approval to appoint the lead bidder for this work.

Recommendations

2. The Lead Member for Communities, Housing and Culture and the Service Director, Housing agrees
 - a. For the council to proceed to appoint Hughes and Salvidge to carry out the demolition works for the NTWP (phase B, C1, D1) and the Wordsworth Drive flats.
 - b. For the Appendix B - Confidential Tender Evaluation Report to remain confidential

Reasons for recommendations

3. For the NTWP properties: to allow the regeneration project to proceed with reduced delay. The Housing/Development and Regeneration Team will shortly be seeking to procure a main contractor for the construction of the new homes

on the sites but carrying out separate demolition will shorten the already delayed timetable for the project.

4. For the Wordsworth / Coleridge properties: to reduce the councils' liabilities and risk connected with leaving these dilapidated and sub-standard homes vacant for potentially a 5-year period prior to a decision being made on the future of the site (sale, redevelopment, re-purposing)
5. The second part of the attached tender report (Appendix B) Should be considered confidential as it contains commercially sensitive information relating to the bidders' submissions.

Other options considered.

6. For the NTWP the option of including the demolition works in the tender for the construction works was originally preferred but this was discounted mainly due to the delay to the project. While a separate demolition requires more officer time both in terms of arranging the separate procurement and managing an additional contract, cost savings will be achieved through the following;
 - If demolition was procured through the construction contract, then the main contractors overheads and profits margin would have been added to the demolition costs. This is typically between 10% and 20%
 - Procuring the demolition of the NTWP homes together with the demolition of the Wordsworth Drive homes should result in economies of scale and reduced costs.

For the Wordsworth Drive flats, all feasible options were explored and described in the paper presented to SWT full council on 29th March 2022 (attached in the Background Papers section below). This included the following summary.

“SWT considered four investment options before concluding that the two blocks have reached the end of their life and costs to the Council's Housing Revenue Account (HRA) to bring the two blocks to an appropriate standard for the next sixty years does not provide reasonable value to the Council (HRA Business plan).”

In addition, maintaining the empty flats which have already suffered from multiple break-ins, would represent a health and safety risk, blight and nuisance to neighbours and a ongoing financial liability to the council

Links to Council Plan and Medium-Term Financial Plan

7. The projects link to the following priorities in the Council Plan
 - a. A Greener More Sustainable Somerset – by providing very low carbon homes (NTWP)
 - b. A Healthy and Caring Somerset – through the provision of higher quality homes for the returning NTWP residents.
 - c. A Fairer, Ambitious Somerset – the plan commits the council “to be innovative in our approach to housing and supporting people who are struggling. The provision of decent, low carbon social housing will be integral to us in delivering a fairer county.”

Financial and Risk Implications

8. Comment provided by Kerry Prisco - Management Accounting & Reporting Lead

In summary both schemes have budget approval and are included within the MTFP and 30-Year Business Plan as approved on February 2023. The proposed contracts to be awarded will result in an estimated underspend to budget, which will overall improve the financial position of the HRA due to a reduced borrowing requirement.

North Taunton Woolaway Project (NTWP):

On the 21 February 2019, the Shadow Full Council (for Somerset West and Taunton) approved a budget of £7.2m for the delivery of Phase A. On the 3 December 2019, Full Council (for Somerset West and Taunton) approved a further budget of £1.5m for Phase A plus a budget of £5.7m for Phases B-E.

On the 1st December 2020 the SWT Full Council approved to allocate a total scheme budget and borrowing requirement for Phases B-E and the conclusion of all phases of the regeneration scheme as set out in confidential Appendix A. This report approved a supplementary budget of £60.67m, in addition to the existing budget of £14.4m, bringing the total approved budget for the entire scheme to £75m.

To delegate authority to the Section 151 Officer to determine the final funding profile for each future phase once the finalised designs have been received for Phases B-E and any relevant planning approval and contract costs have been received.

To delegate authority to the Director of Housing and Communities in consultation with the Portfolio Holder for Housing authority to approve future decanting and demolition for future phases.

The financing of the scheme was £7.480m RTB Receipts and £67.590m of borrowing. The low percentage of subsidy represents the high proportion of regeneration and low additionality.

Officers have now completed the evaluation of the tenders for the demolition and are now seeking approval to appoint the contractor. The original budget estimates included demolition costs at £820,000 when included within a construction contract. The contract cost as part of this procurement exercise is £662,850 which is a saving of c£157k achieved by procuring demolition separately and grouping with the Wordsworth demolition. The final position on the scheme as a whole will be reported to Members through the Council's Budget Monitoring and Outturn Reports.

Wordsworth Drive, Coleridge Crescent:

On 29th March 2022 Full Council (for Somerset West and Taunton) approved a supplementary budget of £1,111,700 and to delegate the funding of the scheme to the Section 151 Officer, for the decent, purchase of one property and demolition of Wordswoth Drive and Coleridge Crescent Flats.

Officers have now completed the evaluation of the tenders for the demolition and are now seeking approval to appoint the contractor. A summary of the financial position is shown in the table below which indicates that the scheme should complete under budget by c£484k. The final position will be reported to Members through the Council's Budget Monitoring and Outturn Reports.

	£	£
Approved Budget		1,111,700
Spend to date	351,014	
Demolition Contract Cost	205,400	
Contingency on Contract Cost at 10%	20,540	
Additional asbestos removal costs	20,000	
Additional expected spend (final Home-loss payment, Asbestos surveys and utility disconnections)	30,000	
Total Estimated Spend		626,954
Variance – (under) / over budget		484,746

9. Risks

Unidentified site constraints in the ground including the presence of unidentified services could lead to delay and additional costs.	MEDIUM	The council has reviewed existing utility / service plans and will provide copies to the contractor included in the Pre Construction Information pack. The contract specification will require the contractor to carry out their own investigations.
H&S risk of injury or death to the contractors staff, council staff or members of the public during the demolition period.	HIGH	Procurement : bids have been assessed and scored on health and safety management proposals. Pre works: the contractor will submit their RAMS which will be examined SC H&S partner. Contractors qualifications, accident history, and level of insurance cover requested as part of SC contractor vetting procedure. During works: Council officers and the appointed contract administrator will conduct regular site visit where health and safety will be assessed. H&S will be discussed at each of the review meetings. Inpromptu H&S inspections carried out by SC H&S and appointing Managers
Asbestos - risk of exposure to contractors, council employees and the public	MEDIUM	Demolition asbestos surveys have been procured for all properties to be demolished. Copies of surveys will be provided to the contractor within the PCI
Contractor is unable to complete the works due to financial difficulty / going into administration	LOW	The contractors financial position / security will be assessed by the councils finance team prior to awarding the contract
Delays to the contractor starting or completing works impact upon the construction timetable.	MEDIUM	Bidders for the demolition works have been assessed with regard given to lead in works will be resourced. The demolition program will be designed alongside the procurement and works program for the construction works.

Legal Implications

- Both projects involve entering into two construction contracts with a main contractor. One for the demolition of the North Taunton properties and one for demolition of the Wordsworth Drive properties. An industry recognized form of contract, the JCT Intermediate Build contract will be used for each. Legal services support has been obtained in the selection and completion of the contract documents.

11. As the proposed decision relates to the procurement and award of contracts then both Claire Griffiths (Head of Commercial & Procurement) and Jill Byron (Project Director) have been consulted.

HR Implications

12. The cost of staff time will be met from existing resources or charged to the capital schemes as appropriate.

Equalities Implications

13. Due regard has been given to any disproportionate equality implications and we have not identified any for this decision. Therefore no EIA accompanies this paper. We will however complete a full assessment for any subsequent redevelopment work that will take place on these sites. This is in agreement with advice obtained from Tom Rutland, Public Health Promotion Manger-Equalities.

Community Safety Implications

14. The current vacant buildings represent a risk to community safety and increased negative public perception of crime and anti-social behaviour rates in the community. There have been numerous reports of trespass, vandalism and theft within the buildings. The council has responded with increased security but there is still a risk that determined trespassers can gain access into the properties. Demolition and clearance would partially mitigate these risks. Redevelopment of the sites would fully mitigate the issues.

Climate Change and Sustainability Implications

15. The demolition of the NTWP properties is a significant step in progressing the redevelopment of these sites. The new homes being delivered will be close to zero carbon, significantly reducing CO2 output from these homes.

Health and Safety Implications

16. The vacant buildings represent a risk to the health and safety of staff members visiting the building and to members of the public who trespass onto the sites. These risks are managed and mitigated but cannot be eliminated. The sites have been secured with combinations of security screens, heras fencing and hoarding plus high-level obstruction of (climbing) access points. Demolition of the buildings will significantly reduce these risks

17. There are H&S implications relating to the demolition and construction works. Experienced CDM professionals have been appointed as principal designers on both projects. Our procurement processes have examined the competencies of Hughes and Salvidge who have demonstrated that they have excellent H&S management processes and procedures in place. H&S will be monitored continuously during the works phase by all members of the project team. The councils H&S Business Partners have been and will continue to be consulted during the works.

Health and Wellbeing Implications

18. Both the NTWP and the Wordsworth Drive demolitions involved decanting residents from poor quality homes into higher quality and more energy efficient homes. For NTWP returning tenants the new homes are an enormous improvement over the existing homes.

For the Wordsworth Drive tenants the existing homes were some of the lowest performing within the HRA housing stock. The low levels of thermal efficiency combined with expensive direct electrical heating systems resulted in excessively high energy bills. The Wordsworth Drive flats have also had a history of significant damp and mould problems.

Social Value

19. The demolition phase of the NTWP project is expected to last for 12 weeks and paves the way for the Construction project itself. The procuring team have decided that given the short term of this contract, the Social Value focus for NTWP should be on the Construction Procurement that will follow on. The procurement of a Construction contractor has an enhanced approach to Social Value, where the Council has set mandatory minimum Social Value requirements over the period of the construction and will have significant monitoring in place to ensure delivery of the Social Value offering from the successful contractor.
20. The demolition of the Wordsworth Drive flats will take 8 weeks. The procurement team have advised that this is likely to be too short a period to gain meaningful social benefits from the demolition contract. Should the decision be made to redevelop this site then, as with the NTWP, social value can be sought through the construction contract.

21. Despite the limitations outlined above, as part of their bid submission Hughes and Salvidge provided several Social Value commitments whose delivery will be monitored.

Initiative Objectives	Actions
Provide volunteer hours to local cause/charity	Minimum of 15 volunteering hours to be provided across project duration
Provide sponsorship for local cause	Project team to identify local cause, event or sports team to donate to or sponsor
Donation to local charity/charitable cause	Minimum of £2,500 to be donated to local charity or cause – project team to identify.
Support local schools	Attend ONE career event at a local school or college
Use local labour	Local supply chain to be used for temporary works
Resident liaison	Hold a minimum of ONE resident meeting in-person and via video calling

Scrutiny comments / recommendations:

22. Decision not being considered by Scrutiny Committee

Background

23. Two housing projects require demolition of existing council housing stock. As the timing for demolition for both projects is within a similar period it has been decided to procure the services of a single contractor in order to achieve cost benefits and save on internal resources.

North Taunton Woolaway Project (NTWP).

24. In February 2019 the Somerset West and Taunton Full Council approved the redevelopment of the NTWP area.

25. The regeneration of the NTWP is an essential part of the Council's (previously Somerset West and Taunton) commitment to offer a choice of good quality homes for our residents, whatever their age and income, in communities where support is available for those in need.

26. The Project will deliver two hundred and twenty-seven (227) new Council homes and comprehensively refurbish twenty-seven (27) Council homes in five (5) phases.

27. This Project is the most substantial regeneration scheme of the Council's stock in many years. Not only is this scheme land led by us (rather than a partnering HA), it is larger in scale (number of homes, m2 of land) and tackles some of our worst performing stock in one of the most socially deprived areas in our County. It is the flagship housing project of our entire housing development programme.

28. Phase A, which is now nearing completion, is being built by the appointed principal contractor Equans. The Council had also appointed Equans to carry out pre-construction services to facilitate the development of phases B, C1 and D1 with the intention to then award the construction contract (including demolition) to them subject to terms being agreed. Equans informed the council in January 2023 that while they would be completing their pre-construction services responsibilities, they would not be proceeding with the construction of phases B, C1 and D1. The impact on the project is that the Council now needs to carry out a full procurement exercise for a new main contractor and this will result in several months of delay. To reduce this delay and mitigate risks involved with maintaining the empty properties for an extended period the proposal is to secure demolition separately so this can commence ahead of the main contractor appointment.

Wordsworth Drive, Coleridge Crescent

29. The Council (HRA) owns 16 two bed flats, 13 garages and a ground floor shop at this location. The properties have been recognised as poor for several years and this has led to a series of reports being commissioned to understand the most appropriate investment option.

30. Kendal Kingscott completed an option appraisal report in March 2021 following an initial stock condition survey report from Curtin's engineering consultancy. The option appraisal considered redevelopment and refurbishments options, the provision of an additional storey of accommodation, site wide improvements and energy related improvements. The report was unable to make a recommendation as the best way forward and suggested the following next steps;

- Commission a detailed appraisal of the condition and life expectancy of the concrete frame and associated elements, including testing the concrete condition.
- Having understood the life expectancy of the structural frame a detailed feasibility report is required to further refine costs and programme implication of the proposed work.

31. SWT instructed Curtin's to carry out an appraisal of the buildings including concrete testing. Their report was received November 2021. The concrete analysis report has highlighted several concerns relating to the quality of the concrete, the condition and limited volume of the steel reinforcement and the very low structural integrity score when measured against modern standards. The report authors are unable to recommend a warranty for a 20-year period based on current evidence and recommend that no additional load be placed on the structure such as external wall insulation.

32. Prior to receiving the most recent report officers had hoped that an investment option may be possible to significantly improve energy efficiency and comfort, and these properties were placed in the Social Housing Decarbonisation Fund (SHDF) bid to attract subsidy for the investment.

33. Following receipt of the reports an officer report was provided to the Housing Senior Management Team detailing several options:

- Option 1 - Do Nothing
- Option 2 - Retention and investment (7-60 years)
- Option 3 - Phased decant of the blocks over two years without capital investment.
- Option 4 - Phased decant of the blocks over seven years with capital investment.

34. Option 3 was recommended, including demolition following the decant. This option was approved by James Barra, Director of Housing. A copy of the report was provided to members.

35. A report was then taken to SWT scrutiny and then Full Council on the 29th March 2022 where demolition of the properties was approved.

36. Decant of the Wordsworth and Coleridge tenants began in April 2022. All but one has been decanted and the remaining tenant has accepted an offer of new housing and is expected to move by no later than 31st October. The purchase of the privately owned flat completed in April 2023.

37. The shop on the ground floor is vacant.

Contractor procurement

38. Permission to proceed with this procurement was granted by Nicola Hix, Serv Dir Finance and Procurement, on the 15th Aug 23 (using a Non Key Decision report)

39. The procurement for the demolition contractor has been carried out with extensive support from the council's procurement team. Following the procurement advisor's recommendation, the EEM demolition framework was used.

40. The Invitation to Tender was published on the 11th of September 2023. Four bids were received and assessed on a 60% price / 40% quality basis. The highest combined score was achieved by the bid submitted by Hughes and Salvidge

41. The procurement team have obtained a Creditsafe report on Hughes and Salvidge which shows an "A" rating with very low financial risk.

42. For full details please refer to tender report, Appendix A and confidential Appendix B

Background Papers

NTWP report to SWT Full Council 3/12/2019

SWT Full council minutes 3/12/2019

Wordsworth Drive full council report

Wordsworth Drive decision – minutes of full council

Risk schedule

Appendices

Appendix A – Tender Evaluation Report

Appendix B – Confidential Tender Evaluation Report

Assurance checklist

Officer Name	Date Completed
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Legal & Governance Implications	David Clark	15/11/23
Communications	Chris Palmer	15/11/23
Finance & Procurement	Nicola Hix	15/11/23
Workforce	Alyn Jones	15/11/23
Asset Management	Oliver Woodhams	15/11/23
Executive Director / Senior Manager	Chris Brown	10/11/2023
Strategy & Performance	Alyn Jones	15/11/23
Executive Lead Member	Cllr Federica Smith Roberts	13/11/23
Consulted:	Councillor Name	
Local Division Members	NTWP –Ward: Cllr Lee Baker & Cllr Tom Deakin, Wordsworth -Ward: -Cllr Hazel Prior-Sankey, Cllr Fran Smith	15/11/23
Opposition Spokesperson	Cllr Andy Dingwall	15/11/23
Scrutiny Chair	Cllr Gwil Wren	15/11/23

