

LONDON BOROUGH OF CAMDEN	WARDS: BELSIZE
REPORT TITLE Replacement of the cladding for the five blocks at the Chalcots Estate SC/2018/07	
REPORT OF Leader of the Council	
FOR SUBMISSION TO Housing Scrutiny Committee Cabinet	DATE 23 January 2018 24 January 2018
SUMMARY OF REPORT <p>Camden has completed the removal of the previous cladding system across four of the five blocks at the Chalcots Estate in Belsize ward, with completion of Taplow due by the end of January 2018. We are working with our specialist architects and designers to select a cladding system that provides the highest standard of safety, alongside ensuring that residents are warm and free from damp. Consistent with the commitment to resident involvement in decision-making as outlined in the Camden Plan, residents are playing a key role in the process for selecting the replacement cladding system.</p> <p>This report follows a Cabinet report in December which outlined the process by which the Council would seek planning approval for the replacement cladding system. This report outlines Camden's preferred option for the cladding replacement and the reasons for this. It also outlines how officers will seek to proceed with a planning and procurement process for the preferred option with the approval of Cabinet. This report therefore sets out:</p> <ul style="list-style-type: none"> • Information on the proposed cladding façade replacement; • The recommendation for the preferred option of a solid aluminium panel system; • Information on the timelines for seeking planning approval; • An outline of potential procurement and a recommended procurement approach. <p>Local Government Act 1972 – Access to Information No documents were used in the preparation of this report, which are required to be listed.</p> <p>Contact Officer: Laura Gillett Head of Camden Safety Programme</p>	
WHAT DECISIONS ARE BEING ASKED FOR? Scrutiny is asked to: <ul style="list-style-type: none"> • Consider the report and refer any comments to the Cabinet. Cabinet is asked to: <ul style="list-style-type: none"> • Agree that the aluminium panel system be the preferred cladding option for the reasons as outlined in section 3 of the report; and • Agree the procurement strategy for the cladding system and associated external works as set out at paragraph 3.14 and delegate authority to the Executive Director Supporting Communities to award the contract. 	

Signed:



Jenny Rowlands, Executive Director Supporting Communities
 Date: 12 January 2018

1. WHAT IS THIS REPORT ABOUT

- 1.1 Following the Grenfell fire in June 2017 the Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department for Communities and Local Government (DCLG), and the Building Research Establishment (BRE) have introduced a programme of testing of various cladding systems.
- 1.2 Camden undertook investigations in June 2017 and identified that the outer tile of the cladding system on the five Chalcots Estate blocks in Camden was an aluminium composite material (ACM). The outer tile was a sandwich of two aluminium sheets with a central core of polyethylene material. The cladding system included rock-wool insulation underneath the outer ACM tile which is non-combustible. It is the internal polyethylene core of the tile which does not sufficiently resist the spread of flame, meaning this type of ACM tile is not appropriate for buildings the height and type of the Chalcots Estate blocks.
- 1.3 Camden Council was the first landlord to have its cladding tile tested by the BRE in June 2017 and the Council immediately committed to removing the cladding system from all five blocks as soon as the BRE indicated that the tile had failed their tests. Camden has completed the removal of the cladding system across four of the five blocks at the Chalcots Estate in Belsize ward, with completion of Taplow due by the end of January 2018.
- 1.4 In order to ensure that the same levels of thermal insulation and water resistance are maintained as the prior cladding system, Camden needs to procure and install a new long-term replacement cladding system for the exterior of the blocks.
- 1.5 Camden has worked with residents to identify their priorities and preferences at an early stage of the process. We ran a series of information and consultation events for residents with our designers and architects to provide tenants and leaseholders with an opportunity to learn about and feedback on the proposals. The significant majority of residents indicated a clear preference of two options from the four we presented - the solid aluminium panel system, and the glass reinforced concrete system.
- 1.6 Following this engagement, in the December Cabinet report officers outlined that the preferred options had been reduced to the solid aluminium panel or the glass reinforced concrete panel. After further work with our specialist architects, engineers and our planning team, officers are recommending that the Council proceed with a planning application for a solid aluminium panel system as the long-term replacement cladding system for the Chalcots Estate blocks.
- 1.7 This is the preferred option because it satisfies the criteria and priorities that are important to both the Council and residents as outlined in this report. The system is inert, meaning it resists the surface spread of flame, it is the least disruptive to residents to install and provides a high level of thermal insulation. Alongside this there are additional benefits including its interface with the existing window system, allowing easy replacement of the windows should the Council seek to do this in the future. The system is easily maintained with it being possible to take out and replace individual panels. The system has received positive initial feedback from planning officers and meets Government requirements for the recladding of tall buildings.
- 1.8 The recommended system will be independently tested as part of a full-scale system test and information as to the outcome of the test will be made available to residents. This report is seeking approval from Cabinet as to the

decision to select this option and proceed to a planning and procurement process.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 In the December Cabinet report, officers outlined the reasons why it was no longer considering returning to the original concrete façade of the building, or an insulated render cladding systems, as viable options for a long-term cladding replacement for the blocks.
- 2.2 Camden has continued to investigate further the two other options (solid aluminium panel system, glass reinforced concrete system) focusing on an assessment of quality and safety, and seeking an option to minimise disruption to residents now and in the future. The Council has developed two planning proposals in outline for the two options in order to allow us maximum flexibility until officers had sufficient information to make a recommendation to Cabinet.
- 2.3 The Council is engaging with a range of stakeholders including Chalcots tenants and leaseholders. This has involved sharing information regarding the replacement cladding options.
- 2.4 The Council continues to work with the Ministry of Housing, Communities and Local Government (MHCLG) to ensure we are providing a high safety standard to our residents, as well as sharing our experience and contributing to the national discussion on legislative change. In order to prioritise safety and limit disruption to residents the Council has been required to move at pace to agree and mobilise the programme of works. We have ensured that the replacement cladding options, and process to confirm these, adhere with the recommendations outlined in the interim report of the Independent Review of Building Regulations and Fire Safety published in December 2017.
- 2.5 The Council has installed scaffolding around the base of all the blocks in order to facilitate the removal of the cladding and the current approach is for the scaffolding to remain in place until the new system is installed. We recognise that due to this scaffolding and the significant works that will occur in order to install the cladding there is an ongoing period of disruption for residents at the Chalcots Estate and we are looking to start on site and complete the installation as quickly as possible to minimise the duration of this disruption.
- 2.6 The Council is in negotiations with PFIC, who manage the Private Finance Initiative contract providing maintenance to the blocks, to resolve the two recent incidents of window failure. We will manage this process alongside the cladding replacement programme set out in this report.
- 2.7 This report is necessary in order to agree the preferred option for the long-term replacement cladding system, and allow officers to finalise the planning application and begin preparations for a procurement process.

3. OPTIONS

- 3.1 A specialist design team was appointed in September 2017 to investigate the long-term options for the replacement of the cladding. This team includes architects, quantity surveyors and structural engineers. In order to develop the options and assess feasibility the design team have undertaken investigations of the previous cladding system as it was removed, and the design and structure of the underlying building.

- 3.2 All the options considered by the Council as replacement cladding for the Chalcots Estate blocks are in use on high-rise blocks elsewhere within our stock. Bacton Tower uses an insulated render cladding system on the high-rise tower and this was recently installed. The three high-rise blocks that form the Amphyll Estate have a long-standing cladding system that uses a solid aluminium panel. The new blocks at Maiden Lane Estate, constructed as part of the Community Investment Programme (CIP) use a glass-reinforced concrete cladding façade.
- 3.3 The following two options were discounted as part of the December report:
- **Returning to the original concrete façade** – this would reduce the thermal performance of the building and it would be extremely difficult to achieve a similar level of insulation from within the dwellings. A further consideration would be that the windows would stand proud of the block.
 - **Insulated render** – this would provide a good level of insulation but did not receive favourable feedback during resident consultation. Initial planning advice was also less favourable when compared to the two options detailed below
- 3.4 The following two options are those that we have considered further, and which were the clear preference of Chalcots Estate residents as part of the engagement. We have provided the further advice that we have received from our specialist design team and planners in order to assist officers in making a recommendation to Cabinet:

Cladding Option	Fire Rating	Other Criteria		Pre-tender estimate for cladding all Five Blocks
Solid Aluminium Panel	A1 or A2	Appearance	Very similar in appearance to the previous system	£16m*
		Thermal efficiency (insulation)	Same insulation qualities as the prior cladding system however there is scope to improve by installing a thicker insulation	
		Installation	The cladding may require additional fixings however this is likely to be the least complicated option to install	
		Repair	The cladding will be designed to be easy to remove and reinstall panels, either if they need to be individually replaced or for maintenance access e.g. should the windows need to be replaced at a future date	
		Lifecycle	Would require replacement after 30 years	

Glass Reinforced Concrete	A1 or A2	Appearance	Could select a colour similar to prior system or consider alternatives. Glass reinforced concrete is regarded by planners to be the most visually appealing of the options	£22m*
		Thermal efficiency (insulation)	Good insulation properties and would maintain levels of the previous cladding system	
		Installation	More challenging installation due to the weight of the system and need to install additional fixings to ensure the cladding is secure	
		Repair	Maintenance similar to solid aluminium panels. Removal and replacement of panels more challenging due to their weight and fixing	
		Lifecycle	Would require replacement after 30 years	

*Estimated cost. This is subject to change at procurement stage.

3.5 The estimated costs outlined in 3.4 consist of the replacement cladding solution only. An inclusion of builders work in connection, for example for additional fire stopping works or fabric repairs, up to the value of £6m, could also be required in addition to these costs.

3.6 Both the aluminium panel and the glass reinforced concrete panel are inert, meaning they resist the surface spread of flame. The Council is also proposing to use Rockwool insulation material which is also resistant to flame. Government guidance for replacement cladding systems is that they should achieve an “A1 or A2” rating as defined within the British Standard – both of the above options achieve this. The final fire rating will be confirmed once all components have been specified (including any seals or fixings). The Council is committed to test the final option, once agreed by Cabinet, using a full-system test, similar to that used by the BRE in Summer 2017, and to make these results public.

Planning Advice

3.7 Pre-application advice has been sought from the planning department on the four recladding options presented in this report. The main role of planning is to consider the impact of the works on the character and appearance of the building, although it should be noted that the draft London Plan issued earlier this month does suggest planning should give consideration to the fire safety impacts of development. This document carries limited weight at this time, but it may become a factor which will need to be considered as part of any future planning application. The issue of fire safety has been a key consideration in selecting the cladding options.

3.8 In terms of design, planning officers have advised that based on the information provided to date aluminium panels or the glass reinforced concrete (GRC) would be the preferred materials. They feel that these are high quality materials which would be easy to maintain and have longevity

that would enhance the character and appearance of the building and the local area. They have advised that there would need to be further consideration given to the colour, texture, size and arrangement of the panels, how they would fit on the facades and work around the existing window openings. The acceptability of the proposals in planning terms would be dependent on these detailed design consideration.

- 3.9 The two options discounted in December were felt by planning to be less desirable. Retaining the existing concrete external wall would result in the windows projecting from the façade whereas at present they are slightly recessed, and this was felt to detract from the overall appearance of the blocks. Planning have advised against the use of render given the prominence of the blocks, as there can be issues of cracking as well as discolouration over time.
- 3.10 The planning department's advice is an officer's opinion and is without prejudice to further consideration of this matter by either officers or members.

Recommendation as to the Preferred Replacement Cladding System

- 3.11 Based on technical advice and feedback from residents, the recommendation to Cabinet is to agree to progress a planning application for the solid aluminium panel cladding system. The panels used by this system are considerably lighter than the glass reinforced concrete panels and will therefore be much more straightforward to install, maintain and remove should maintenance be required. The aluminium panel system will utilise inert materials and meets Government requirements for the recladding of tall buildings.

Procurement

- 3.12 Following the decision by Cabinet to select a preferred cladding option, the Council is seeking to begin a procurement exercise to run alongside the planning process. The cladding replacement including materials and installation will be a high value contract and the Council needs to appoint a provider who has the skills, capacity and resilience to deliver this work within the desired timescale, and that residents and the Council can be confident it will be installed and delivered to the required standard.
- 3.13 Two main options have been evaluated by the Council – utilisation of a third-party framework agreement or carrying out an OJEU restricted procedure tendering exercise. These options are outlined below:

- **Procurement through an established framework agreement**

The Council has reviewed a number of frameworks that include contractors who could deliver the project. It has identified the Fusion 21 framework as having a number of suitable providers and a 'lot' that specifically meets the Council's needs in relation to cladding. A further consideration is that Fusion 21 requires contractors to deliver social value, such as apprenticeships, training and community related works as part their submissions. They also benchmark submissions and provide a value for money assessment. The price quality ratio can also be determined by the Council. The framework was established through an EU compliant procurement process and therefore the Council's services would be procured through a "mini-competition" process. The mini-competition would take approximately 8 weeks and would allow the Council to comply with its desired timescales and reach site by early summer 2018.

- **Procurement through an OJEU restricted procedure tendering exercise**

This option would test the market through advertisement in the journal of the European Union (OJEU). It would have two stages, whereby suppliers submit an expression of interest to be selected to tender. Whilst this exercise would extend competition to a wider range of suppliers it would be time consuming to administer and overall would take over 9 months to complete. This would delay the start on site and involve additional officer time as part of the evaluation process.

Recommendation as to the Procurement Approach

- 3.14 It is recommended that the Council utilises the Fusion 21 framework as outlined in paragraph 3.13. The cladding system and any associated builders work in connection, will be procured through a design and build contract, with value for money assessed via a 60% cost and 40% quality ratio.
- 3.15 It is also recommended that the decision to award the contract through the framework is delegated to the Executive Director Supporting Communities.

4. WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

- 4.1 An inert solid aluminium panel system is the preferred option because it satisfies all of the criteria and priorities that are important to both the Council and residents. It will be designed and installed to the highest standard of safety, it will likely be the least disruptive to residents to install and it provides a high level of thermal insulation. Alongside this there are additional benefits including its interface with the existing window system which will allow easy replacement of the windows should the Council seek to replace them at some point in the future. It is easily maintained with it being possible to take out and replace individual panels. For this reason, officers are confident in making the recommendation to Cabinet that the aluminium panel system represents the best option considering the Council and resident's priorities and criteria.
- 4.2 Proceeding with procurement through an established framework is preferred because the Fusion 21 framework contains a number of large, recognised, contractors that have experience of delivering major construction contracts. The Council has met with representatives from Fusion 21 and is of the view that using the framework will provide considerable time and cost savings when compared with a restricted tendering exercise. This will allow the contractor to start on-site as soon as possible.

5. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 5.1 The table below summarises the key risks and how they will be addressed:

Risk	How addressed
Framework suppliers do not engage with the competition process	Meetings have been held with Fusion 21 to gauge appetite for the project. Indications are that response will be positive.

Risk	How addressed
The appointed contractor cannot deliver works in parallel across the estate	A key element of the evaluation process will be to make sure that the contractor has proven capacity to deliver to programme.
Quality standards are not consistent across the estate	The Council will be establishing a robust process for monitoring quality throughout the installation process, making sure that sign off procedures are followed and documented at each stage of the works

6. WHAT ACTIONS WILL BE TAKEN AND WHEN FOLLOWING THE DECISION AND HOW WILL THIS BE MONITORED?

- 6.1 Once the planning application has been submitted and the statutory consultation has occurred (further detail in section 8 below) it will be assessed by planning officers against the policies set out in the development plan, taking account of the representations made, and a recommendation will be reached. The application will then go through one of two routes for determination, which will depend on the nature of the responses to consultation and also the views of the Director of Regeneration and Planning. Where objections have been received, the application would need to be reported to the members briefing panel who would advise the Director whether it considers that the application should be determined under delegated powers or by Planning Committee. Officers consider that it is likely that this application would need to be presented to the Planning Committee who will make the final decision on the application.
- 6.2 It is not expected that this work would require a section 106 legal agreement and therefore if approved at Planning Committee the decision could be made final the day following the Committee. The table below summarises the expected key milestones. These are estimated dates and could change dependant on the procurement of the chosen option:

Key milestones	Indicative Dates
Submit Planning Application	January 2018
Planning Committee Approval	March 2018
Procurement of Contractor	June 2018
Start on site	July 2018
Completion of Work	August 2019

- 6.3 Progress will be monitored by an internal steering group and the Executive Director Supporting Communities. Residents will be updated on the progress of works.

7. LINKS TO THE CAMDEN PLAN OBJECTIVES

- 7.1 Ensuring that residents are safe, warm and well in their homes is Camden's organisational priority. High-quality Council housing is a key lever in addressing inequality in our Borough, and providing the highest quality services to our residents as a landlord and local authority are key parts of the Camden Plan. Involving residents in key decisions that affect them, and providing them with an opportunity to contribute substantively to shaping these decisions is also a key part of the priorities and desired outcomes of the Camden Plan, and officers have ensuring that this engagement approach is embedded throughout the process.
- 7.2 Residents, officers and elected members have communicated to us that safety is an important theme for them in seeking to direct the Council's priorities to 2025 as part of the development of the next Camden Plan.

8. CONSULTATION

- 8.1 The Council has committed to ensuring a fair and transparent process in decisions made regarding the Chalcots Estate. Officers outlined the consultation and engagement that occurred to identify the two preferred options in the December Cabinet report. We have continued to use feedback from residents to shape our decision making going forward. We will engage residents on the progress of works as well as the process of informing any further recommended decisions as required.
- 8.2 A full planning consultation process is proposed to ensure the build approach and materials are shared prior to council authorisation. Once the application has been registered formal consultation would be undertaken in accordance with the Statement of Community Involvement. This would require the display of multiple site notices around each tower block and on neighbouring streets to notify residents that an application has been submitted. A press notice would be published in the Ham and High. Local amenity groups included relevant Conservation Area Advisory Committees will need to be notified, given the sites proximity to the Conservation Area and the nature of the works. The planning department are required by law to allow a minimum of 21 days for people to make comments on the proposal.

9. LEGAL IMPLICATIONS (comments of the Borough Solicitor)

- 9.1 This report, as well as setting out a recommendation for the replacement cladding system, recommends the use of the Fusion 21 Framework Agreement for the procurement of a contractor to design and install the cladding. The agreement is an OJEU compliant Framework Agreement, which the Council are entitled to use to procure a contractor, which will be done by means of a mini-competition amongst the contractors in the relevant Lot. This procurement process will comply with Council's obligation to procure such contracts in compliance with EU procurement regulations, and the requirement in Contract Standing Orders ("CSOs") to hold a competitive tender process.
- 9.2 As the contract will have a value of c. £16-22 million CSOs require Cabinet to approve this strategy. Cabinet is also required to award the subsequent contract, though may delegate that power as is recommended in this report.
- 9.3 Legal Services will continue to assist with the procurement process.

10. RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)

- 10.1 This report recommends that Cabinet select the solid aluminium panel system as the preferred option for the cladding replacement solution across the five blocks on the Chalcots Estate, and agree to utilise the Fusion 21 procurement framework to procure the works, delegating approval to the Executive Director Supporting Communities to award the resulting contract.
- 10.2 The estimated cost of the solid aluminium panel system main works contract as set out in 3.4 is approximately £16m, which is £6m less than the alternative option of Glass Reinforced Concrete. This may differ from the final tendered cost of the works, especially if the scope is extended to include builders work estimated at a further £6m in 3.5 above. Capital funding will need to be identified to cover the final contract sum and all professional monitoring fees for the duration of the installation. This would be in addition to capital expenditure already incurred in removing the existing cladding and installing the new fire doors and to the revenue expenditure of the evacuation, security, fire marshals and repairs.
- 10.3 The previous cladding was fitted as part of an estate regeneration project funded via a PFI agreement. Leaseholders were levied with major works service charges to cover both the cost of the original cladding and the ongoing maintenance of the buildings. Leaseholders therefore would not be asked to contribute to the cost of any replacement cladding as they have already been levied for the original work, which has not passed its reasonable life expectancy. As leaseholders will not be making a financial contribution a section 20 consultation is not required, information regarding works will be shared with all residents.
- 10.4 The Council continues to review options for recovery of its losses but in the short-term, the capital expenditure must be met from one or a combination of borrowing, capital receipts or re-prioritising expenditure within the current capital programme. The revenue costs of the operation, including the cost of evacuation, security and fire marshals and repairs will be met from Housing Revenue Account balances.
- 10.5 The Executive Director of Corporate Services has been consulted in the drafting of this report and has no further comments to add.

11. APPENDICES

- 11.1 The following appendices are included:
 - Appendix 1 – Summary of Options Appraisal by Neil Davies Architects

REPORT ENDS