

Item No.	Classification: Open	Date: 4 December 2013	Meeting Name: Strategic Director of Housing & Community Services
Report title:		Gateway 2 Dickens Estate Warm, Dry and Safe works	
Ward(s) or groups affected:		Riverside	
From:		Head of Major Works	

RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of the Dickens Estate Warm, Dry and Safe works contract to Standage & Co. Ltd in the sum of £4,041,306 for a period of 42 weeks.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 27 September 2012. The approved competitive tendering procurement strategy was followed.
3. **This is a Key Decision.**
 - The tendered cost of the contract is £4,041,306 for a period of 42 weeks.
 - There is no specific extension built into the contract.
 - The contract price is not index linked.
4. It was intended that all major refurbishment works in Bermondsey and Rotherhithe be allocated to the council's Major Works partnering contract for Lot 2 (Bermondsey & Rotherhithe) with Wates Construction Ltd (WCL) during the anticipated initial 5 year duration of the contract running to 2015.
5. Potter Raper Partnership (Potter Raper) were appointed in 2010 to provide quantity surveying services via the Quantity Surveying framework for the Area 2 programme following the sudden illness and subsequent ill health retirement of the in-house quantity surveyor. In 2012, Blakeney Leigh Ltd (Blakeney Leigh) were appointed to provide professional consultancy services to the council for the Major Works on Dickens Estate following a competitive tender exercise (Blakeney Leigh).

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	January 2013
Approval of Gateway 1: Procurement Strategy Report	27 Sept 2012
Issue Notice of Intention	29 May 2012
Invitation to tender	22 Aug 2013
Closing date for return of tenders	11 Sept 2013
Completion of evaluation of tenders	21 Sept 2013

Activity	Completed by/Complete by
Issue Notice of Proposal	21 Oct 2013
DCRB Review Gateway 2:	18 Nov 2013
Notification of forthcoming decision	19 Nov 2013
Approval of Gateway 2: Contract Award Report	27 Nov 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	04 Dec 2013
Alcatel Standstill Period	N/A
Contract award	06 Dec 2013
Add to Contract Register	16 Dec 2013
Contract start	09 Jan 2014
TUPE Consultation period	N/A
Publication of award notice in Official Journal of European (OJEU)	N/A
Contract completion date	26 Oct 2014
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

6. The works will affect:
 - Bardell House
 - Wade House
 - Copperfield House
 - Dombey House
 - Tapley House
 - Nickleby House
 - Fleming House
 - Brownlow House
 - Spenlow House
 - Tupman House
7. The Gateway 1 report included 3 further blocks; Wrayburn, Micawber and Havisham Houses, These blocks have recently formed an action group and made representations to the Cabinet Member for Housing Management and it has been agreed that further consultation and discussion will take place with the residents in these blocks and their works will be subject to a separate procurement process.
8. The proposed works following full surveys comprise of:

All blocks:

 - Surveying, testing and reporting of elements of the building.

- Repairs to structure and fabric of the building.
- Repairs and renewals to asphalt pavings.
- Repairs/upgrades and renewal of existing flat entrance doors.
- Repair to private and communal balcony balustrade
- Fire safety works to all blocks.
- Sundry minor repairs.

Works to specific blocks:

- New pitched roof coverings to Dombey, Tapley, Nickleby and Copperfield Houses
 - Hidden homes works to Dombey, Nickleby and Tapley Houses
 - Landlords electrical renewal works to Wade,
 - Full external redecoration to Bardell House
9. This scheme is a capital scheme which was drawn up by Blakeney Leigh to bring the external elements on the properties up to standards required to meet current legislation. The carrying out of these works will make all properties compliant with the current Warm, Dry and Safe (WDS) standard.
 10. Planning permission is required for the hidden homes elements of the work and has been granted based upon 3 applications on 18 October 2013; Building Control will only be required for specific elements and as such will be arranged by way of a Building Notice.

Key/Non Key decisions

11. This report deals with a key decision.

Policy implications

12. This scheme is designed to bring the council's properties up to the WDS standard and forms part of the Housing and Community Services' Major Works investment in the housing stock.

Tender process

13. Contract Standing Orders requires a minimum of five (5) contractors to be invited to tender from the council's Approved List. On this occasion, six (6) contractors were invited to tender for the works as recommended by the Corporate and Strategic Tenders team. No nominations were made by leaseholders.

Tender evaluation

14. Three (3) tenders were returned to 160 Tooley Street on or by 12 Noon on 11 September 2013 and were opened on the same day.
15. All priced documents submitted were arithmetically checked.
16. The tender evaluation process was undertaken by Potter Raper who will provide full quantity surveying services for this scheme.

17. Tenders were evaluated on the basis of price only.
18. The date for acceptance of the above tenders expires on 11 March 2014.

Plans for the transition from the old to the new contract

19. Not applicable.

Plans for monitoring and management of the contract

20. The contract will be managed on a day to day basis by Blakeney Leigh. The finances will be managed by Potter Raper.
21. In addition to Potter Raper and Blakeney Leigh, there will be a contract manager, a customer relationship officer and a project manager from the Major Works team allocated to this scheme. These council officers will monitor Potter Raper, Blakeney Leigh and the Standage & Co. Ltd's performance and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

Identified risks for the new contract

22. It is confirmed that Standage & Co. Ltd has provided for a performance bond and the costs are included in the cost of the tender.
23. Standage & Co. Ltd has confirmed that they do not have an ultimate holding company and as such a parent company guarantee is not applicable.
24. Specific risks identified, impact, likelihood and mitigation controls for this contract are outlined below:

Risk	Impact	Probability	Mitigation
Poor performance or poor quality workmanship.	Medium	Low	Regular meetings to review performance scheduled from the outset. Establish processes of quality control and works inspections before sign off. The contract provides for a 12 month defects liability period for all work undertaken.
Company goes into liquidation, administration or ceases trading.	High	Low	A performance bond will be obtained from Standage & Co. Ltd and the council will re-tender the works if necessary.

Other considerations (For Housing Department works contracts only)

25. This report seeks approval for the acceptance of the lowest most economically advantageous tender in accordance with Contract Standing Order 4.5.2. It is therefore considered that there are no alternative viable options.

Design Specification Compliance

26. A Specification has been drawn in compliance with the design guide wherever possible.

Leasehold Implications

27. Formal legal consultation with leaseholders has been undertaken by Specialist Housing Services.

Decent Homes

28. This scheme has been designed to ensure the blocks will meet decent homes standards.

Community impact statement

29. The proposed works are for the refurbishment of council housing and as such will affect council tenants and leaseholders on Dickens Estate. The level of disturbance has been considered to be relatively low; it will not adversely affect any particular group and will not involve any resident being decanted.
30. The level of disturbance or disruption to the general public is considered negligible as the blocks sit within a council estate and the works will not impact the public highway.
31. The proposed works, which are for refurbishment of council housing, will not adversely affect any one particular group.
32. Standage & Co. Ltd are a small and medium size building company based within the borough and will be encouraged to utilise local labour markets to deliver the works.

Economic considerations

33. The full cost of the contract (including fees and the like) is £4,764,635.61. The contract period is 42 working weeks.
34. Standage & Co. Ltd will be using local companies in their sub-contracting and supply chain arrangements.

Social considerations

35. In February 2012, the Council Assembly introduced plans to ensure that, where appropriate, contractors pay staff at a minimum rate equivalent to the London Living Wage (LLW) rate. Standage & Co. Ltd has confirmed that they exceed the LLW requirements. On award, any quality improvements and costs implications will be monitored as part of the review of the contract.

Environmental considerations

36. The proposed works includes the insulation of the roofs as part of the roof covering renewals; this will increase the thermal performance of the building and

reduce the heating demand for the top floor properties thus reducing energy usage.

Market considerations

37. Potter Raper believes that the market has been adequately tested based on the tenders received from the contractors taken from the council's Approved List. Potter Raper's recommendations were considered and agreed by the Area Project Manager within the Major Works team.

Staffing implications

38. There are no specific implications.

Financial implications

39. Expenditure on this scheme will be met from the following allocations;

	£
Remaining Capital Budget -Dickens	357,959
WDS contingency budget	4,027,461
Hidden homes budget allocation	171,744
Cyclical decoration fund (GG958)	67,852
Revenue Contribution	139,620
Total	4,764,636

Second stage appraisal (for construction contracts over £250,000 only)

40. An Experian credit check was obtained on 11 November 2013, Standage & Co Ltd are a contractor and the report indicates they are creditworthy and there is a low risk of the company becoming bankrupt in the next 12 months.

Legal implications

41. In line with the requirements of Contract Standing Orders, the report confirms that tenders were invited from contractors on the council's Approved List and that adequate financial provision has been made to fund the expenditure associated with the delivery of this project. There are no other specific legal implications arising at this stage.

Consultation

42. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
43. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
44. Further consultation with residents will take place prior to award the contract and leaseholders have been formally consulted in line with legislative requirements by way of Notice of Intention and Notice of Proposal.

45. A project team incorporating both tenants and leaseholders will be formed to meet on a regular basis and act as a conduit for information between residents in general and officers.
46. Standage & Co. Ltd will issue regular newsletters to the blocks throughout the contract period.

Other implications or issues

47. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

48. Procurement concurrent is not required as the value of the works fall below the EU threshold (£4,348,350).

Director of Legal Services

49. The legal implications are contained within the main report.

Strategic Director of Finance and Corporate Services (CAP13/059)

50. The report is requesting delegated approval from the Strategic Director of Housing and Community Services to award the works contract package entitled "Dickens Estate WDS external works" to Standage & Co Ltd at a cost of £4,041,306, following a tender evaluation exercise as detailed in the report.
51. The report identifies the total cost of the works including fees and contingency to be £4,764,636. The financial implications provide details on how the costs are currently expected to be funded and also other options for further funding.
52. It is noted that budgets will be transferred and re-profiled against the project as required for monitoring and reporting the contract costs against approved budgets.
53. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budget

Head of Specialist Housing Services (For Housing contracts only)

54. These are works of repair and are therefore chargeable to Leaseholders under the terms of their Leases.
55. There are 174 leaseholders included in the contract that will be affected by the works. In accordance with the Landlord and Tenant Act 1985 (as amended) section 20 notices of intention were served on the 29th May 2013 and the observation period expired on the 12th July 2013. There were 7 observations received from leaseholders at this stage and they were responded to in writing.
56. Section 20 notices of proposal were served on the 21st October 2013 and are anticipated to expire on the 21st November 2013. There have been 20 observations received for this stage of the consultation to date. These observations were not of a nature that would impact on the commencement of

these works. At this time there is no reason to suggest there will be any delay in the closing of the observation period on the 21st November 2013. Formal confirmation of this will be provided to the contract manager on expiry.

57. Leaseholder estimated charges range from £14,878.39 to £17,531.80.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature Gerri Scott Date 16.12.13
Gerri Scott, Strategic Director of Housing and Community Services

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Dickens Estate Warm, Dry Safe contract files	Major Works, Housing and Community services	Kevin Orford 53320

APPENDICES

No	Title
n/a	

AUDIT TRAIL

Lead Officer	David Markham – Head of Major Works	
Report Author	Kevin Orford- Project manager Bermondsey and Rotherhithe	
Version	Final	
Dated	4 December 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	yes
Cabinet Member	N/a	N/a
Cabinet	N/a	N/a
Date final report sent to Constitutional Team		n/a

