

Item No:	Classification: Open	Date: 24 May 2018	Decision Taker: Strategic Director of Housing and Modernisation
Report title	Gateway 2 – Major works constructor framework (Lot 1) Emba Street, Trotwood House and Wickfield House, QHIP 2016/17 Works		
Ward(s) or groups affected	Riverside Ward		
From	Head of Investment		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the QHIP 2016/17 works for Emba Street, Trotwood House and Wickfield House via a mini-competition from the major works constructor framework to Saltash Enterprises Ltd for a period of 30 weeks.

BACKGROUND INFORMATION

2. In October 2015, cabinet approved the establishment of the major works constructor framework ('the framework') for a period of 4 years from 1 March 2016 in the four Lots as follows:
 - a. Lot 1 - Main building works (low value schemes up to £3.5m)
 - b. Lot 2 - Main building works (high value schemes over £3.5m)
 - c. Lot 3 - District mains, boilers and internal works
 - d. Lot 4 - Communal and electrical works
3. It was noted to cabinet that the Strategic Director of Housing and Modernisation will take the decisions for works being instructed through the framework in line with her scheme of delegation and approval was obtained for exemption from contract standing order 4.5.2(h) requiring consideration of approval reports by the relevant DCRB for works being instructed through the framework.
4. The framework supports and works alongside the council's 3 existing major works partnering contracts ('partnering contracts') but more specifically, undertakes work in contract areas 1 and 2 where the partnering contracts were mutually concluded. It should be noted that 2 of the 3 partnering contractors act as reserve contractors for contract areas 1 and 2. The partnering contracts for contract areas 3, 4 and 5 are in place until 13 June 2018 subject to contract extension and have non-exclusive extensions in place with termination at will clauses. However, mini-competition through the framework will be used where there are no partnering contracts in existence.
5. The scope of works for this scheme includes repair attendance to all FRA related items, roof works renewal, communal balcony asphalt repairs, rainwater system, blocked pitched roof, concrete repair works, brick work repairs, overhaul of existing windows, timber repairs, external decorations, kitchen works to identified properties, bathroom works to identified properties, electrical works, mechanical works, removal asbestos, soffit repairs to external areas, replacement of front entrance doors to dwellings with secure by design fire doors, replacement of store doors to open access balconies, communal area open staircase redecoration, installation of entry phone system. Lot 1 is applicable to these works.

6. The duration of the works is 30 working weeks.
7. Works are expected to start on 30 May 2018 and complete on 11 January 2019.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	14/03/2018
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	15/08/2016
Mini competition invitation	22/08/2017
Closing date for return of tenders	29/09/2017
Completion of evaluation of tenders	31/10/2017
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	12/12/2017
Notice Of Forthcoming Decision- Five Clear Working Days	18/04/2018
Approval of Gateway 2: Mini competition award report	26/04/2018
Scrutiny Call-in Period and Notification Of Implementation Of Gateway 2 Decision	03/05/2018
Contract award	21/05/2018
Add to Contract Register	21/05/2018
Contract start	30/05/2018
Publication of award notice on Contracts Finder	18/06/2018
Contract completion date	11/01/2019

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. This scheme consists of works to Emba Street, Trotwood House and Wickfield House. This includes 24 leasehold properties and no Right to Buy (RTB) applicants. The address details are as follows:

Block Addresses
2 – 44 Emba Street, London, SE16 4PL.
1 – 16 Trotwood House, London, SE16 4PW.
1 – 42 Wickfield House, London, SE16 4PP.

Policy Implications

9. This scheme is designed to undertake works in line with the Quality Housing Investment Programme which includes works to maintain the decency of the buildings and deliver the council's commitment to quality kitchens and bathrooms
10. Planning consent is not required for the works being undertaken within this scheme.
11. As part of the overall procurement process for this framework Saltash Enterprises Ltd was assessed and indicated compliance with the council's equal opportunities policy. This scheme is for works to the housing stock and will benefit all residents in the blocks affected.
12. This report confirms that, where applicable, this scheme is designed in compliance with the council's design specification as included in the overall procurement process for the framework.

Decent Homes

13. Once all works are completed under this scheme, all properties will achieve the Government's Decent Homes standard.

Mini competition Process

14. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
15. As the scope of this work is of a nature where charges can be recovered from leaseholders under section 20 of the Landlord and Tenant Act 1987, leaseholder consultation was carried out. The council did not receive leaseholder nominations.
16. All contractors listed on Lot 1 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 22 September 2017 however one week extension was granted to all contractors and tenders were returned at 1pm on the 29 September 2017. The list of contractors invited is as follows:
 - Standage & Co. Ltd
 - A&E Elkins Ltd
 - Saltash Enterprises Ltd
 - Thomas Sinden Limited
 - Architectural Decorators Ltd
 - Niblock (Builders) Limited
17. All 6 contractors returned a tender.

Mini-competition Evaluation

18. The tenders were evaluated in line with the rules set out in the framework.
19. Representatives from the investment team participated in the tender evaluation process which involved checking whether all requirements set out in the checklist were met and assessment of price and quality specific to this scheme.
20. All tenderers were required to complete and confirm that they meet the requirements set out in the checklist. The checklist was satisfactorily completed by all tenderers.

21. The quality element of the submissions was assessed on a pass/fail basis.
22. The quality criteria for these works were as follows:
- Resources and management of call-off contract.
 - Management of sub-contractors.
 - Health and Safety (H&S) proposals for the call-off contract.
 - Design Proposals
23. The quality submissions were scored using a 1 – 3 scoring systems as set out in the 'operation of the framework' document. At this stage, tenderers were required to meet a minimum threshold of 3. If they failed to meet this standard, they were not assessed any further in this process. All tenderers achieved the threshold 3.

24. The results of the quality criteria assessments were as follows:

Contractor	Pass/Fail
Standage & Co. Ltd	Pass
A&E Elkins Ltd	Pass
Saltash Enterprises Ltd	Pass
Niblock (Builders) Limited	Pass
Thomas Sinden Limited	Pass
Architectural Decorators Ltd	Pass

25. Tenderers were required to complete a scheme specific schedule of rates. The price evaluation included the pricing of an actual works package plus rates for composite items. Separately tendered percentages applied to overheads and profit. The costs obtained for this scheme are based on the rates tendered within the framework. This does not preclude the contractor from offering a lower rate than the framework tender.
26. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by Potter Rapper Partnership (PRP).
27. The council's appointed quantity surveyor has confirmed that the pricing has been checked in line with the framework's schedule of rates and confirmed that they are equal to or lower than the rates set out on the framework.
28. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is Saltash Enterprises Ltd.

Plans for monitoring and management of the contract

29. The performance of the framework contractors is monitored and managed by the investment team in accordance with the framework. Each project manager in the investment delivery team or other departmental officers calling from the framework provide a quarterly monitor on the performance of the framework contractors on the schemes they are working on as the framework contractors are expected to achieve certain targets set out in the Key Performance Indicators (KPIs) around the areas of time, cost and quality.
30. The framework contractors are monitored against these KPIs on a regular basis as if the framework contractors fail to perform to the required standard, their 'call-off' contract(s) can be terminated, their mini-competition opportunities can be restricted or they can be removed from the framework.

31. It is confirmed that this framework contractor has had 0 contracts terminated, 0 mini-competition opportunity exclusions and they have not been removed from the framework for Lot 1.
32. These 'call-off' contracts, whilst predominantly design and build contracts, have all design and work proposals examined and checked by both internal lead designers and cost consultants or by one of the council's professional technical services consultants, Calfordseaden LLP or PRP. It is confirmed for this scheme the lead design services will be provided by an internal lead designer and cost management by PRP.
33. The spend and performance is monitored by the head of investment and reported each quarter to the major works core group led by the Deputy Leader and Cabinet Member for Housing, the Housing Investment Board led by the Strategic Director of finance and governance.

Health and Safety Plan

34. The CDM 2015 regulations require a developed health and safety plan to be in place prior to commencement of works and the appointment of the principal designer at scheme inception. It is confirmed that the principal designer role will be provided by PRP who were appointed on **6 May 2016**. Works will not commence on site until it is confirmed that the health and safety plan is sufficiently developed for the type of works proposed.

Leasehold Implications

35. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team.

Financial Implications

36. In addition to the works cost, it is considered prudent to add a 5% risk contingency fund, as identified in paragraph 2 above, to the contract sum to allow for any unforeseen issues. Any additional works will be agreed with the lead designer and project manager and any costs arising due to any unforeseen works will be agreed by the quantity surveyor.
37. The works are part of the Housing Investment Capital programme as part of the QHIP programme (Emba Street, Trotwood House and Wickfield House 16/17 Works) and a variation to the existing programme to be funded from earmarked revenue resources for the door entry system. The costs will be coded to capital cost code H-1111-9518.

Legal Implications

38. It is confirmed that this scheme falls under Lot 1 and the 'call-off' contract to be used is JCT Intermediate Building Contract with Contractor's Design 2011. The contract documentation will be passed to legal services to formalise a contract for the scheme in due course.

Consultation

39. Consultation meetings were held with residents on 22 September 2016 to discuss the scope of works. In addition, a leaseholders meeting was held on 11 January 2018 to discuss the contributions. All residents, the T&RA and local councillors will be written to advise the commencement date of the works and a further meeting will be held.

40. Regular meetings will be held with resident representatives during the course of the works to provide regular updates and address any concerns that may arise. Regular newsletters will be issued as the works progress and residents will be invited to regular coffee mornings. In addition a resident's project board will be established to discuss the works once the project comes to site. The resident project board will meet on a monthly basis for the duration of the works package.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M18/005)

41. The report is requesting delegated approval from the Director of Housing and Modernisation to award the QHIP 2016/17 works for Emba Street, Trotwood House and Wickfield House via a mini-competition from the major works constructor framework to Saltash Enterprises Ltd for a period of 30 weeks.
42. Any other costs connected with this contract are to be contained within the existing department revenue budgets.
43. There is an estimated resource shortfall for the Housing Investment programme for 2018/19 and also over the life of the whole programme. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the Grenfell fire. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
44. Any variation or extension to the contract beyond the scope of this report will require further approval in line with the Council's procurement protocols.

Director of Law and Democracy

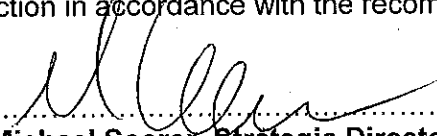
45. The legal implications are contained in the main body of this report. At the value a legal concurrent is not required.

Director of Exchequer (for housing contracts only)

46. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
47. There are 23 leasehold properties and 1 RTB applicant 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 for this contract were served on 9 November 2016 and the observation period ended on 12 December 2016.
48. Section 20 Notices of Proposal were served on 12 December 2017 and expired on 19 February 2018. There were 6 observations received from leaseholders included in this package and they were responded to in writing. The observations were not of a nature that would impact on the commencement of these works. There was however a noted delay in the observation period to ensure that adequate justification for the works was made available.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

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

Signature:  Date: 5 June 2018
Michael Scorer, Strategic Director of Housing and Modernisation

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION
As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION
Not applicable.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>
Not applicable.

6. DECLARATION ON CONFLICTS OF INTERESTS

~~I declare that I was informed of no conflicts of interests.*~~

or

I declare that I was informed of the conflicts of interests set out in Part B4.*

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Title:	Held at	Contact
Major works project file	160 Tooley Street, SE1 2QH	Gavin Worth Tel: 0207 525 0057

APPENDICES

Appendix number	Title of appendix
n/a	

AUDIT TRAIL

Lead Officer	Ferenc Morath – Head of Investment		
Report Author	Ola Adefala– Contract Manager		
Version	Final		
Dated	28 May 2018		
Key Decision	Yes	If yes, decision date on forward plan	N/A
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Strategic Director of Finance and Governance	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Director of Exchequer	Yes	Yes	
Cabinet Member		n/a	
Date final report sent to Constitutional Officer	6 June 2018		

~~I declare that I was informed of no conflicts of interests.*~~

or

I declare that I was informed of the conflicts of interests set out in Part B4.*

(* - Please delete as appropriate)