

<b>Item No:</b>	<b>Classification:</b> Open	<b>Date:</b> 12 April 2018	<b>Decision Taker:</b> Strategic Director of Housing and Modernisation
<b>Report title</b>	Gateway 2 Bonamy Estate Externals		
<b>Ward(s) or groups affected</b>	Livesey		
<b>From</b>	Head of Investment		

## RECOMMENDATIONS

1. That the strategic director of housing and modernisation approves the award of the Bonamy Estate Quality Homes Investment Programme 2016/17 via a mini-competition from the major works constructor framework to Axis Europe Plc for a period of 40 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:
  - Soffits repairs/decorations
  - Fascias repairs/decorations
  - Concrete repairs (generally)
  - Recessed/ Steel hanging balconies repairs/decorations
  - Window / patio door renewal
  - Staircases decorations
  - Pitched Roof repairs
  - Main entrance doors – overhaul/ renewal
  - Front door overhaul / renewal
  - Internal communal redecoration
  - Meter & stopcock cupboards decoration/repairs
  - External redecoration
  - Fire Risk Assessment, fire safety works
  - Drainage Rainwater system works
  - Windows replacements, limited guttering repairs to street properties.
6. Lot 2 is applicable to these works.
7. The duration of the works is 40 working weeks.
8. Works are expected to start on 8 May 2018 and complete on 22 February 2019.
9. These works were initially programmed to commence in September 2017, however following the tragic events at Grenfell tower, all major works projects were subject to fresh review and scrutiny with the need for review of fire risk assessments on all high risk blocks which officers assisted with the resolution of issues as they arose significantly impacting on the slippage of this project.

#### Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	18/01/2018
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	15/12/2016
Mini competition invitation	27/03/2017
Closing date for return of tenders	25/04/2017
Completion of evaluation of tenders	25/05/2017
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	03/08/2017
Notification of forthcoming decision – Five clear working days	15/03/2018
Approval of Gateway 2: Mini competition award report	22/03/2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	30/03/2018
Contract award	05/04/2018
Add to Contract Register	05/04/2018

Activity	Completed by/Complete by:
Contract start	08/05/2018
Publication of award notice on Contracts Finder	08/05/2018
Contract completion date	22/02/2019

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

10. This scheme consists of works to blocks on Bonamy Estate in the Rotherhithe area. This includes 56 leasehold properties and 3 Right to Buy (RTB) applicants and 8 freeholders. The address details are as follows:

<b>Estate Properties</b>
1-3 Ryder Drive
4-6 Ryder Drive
7-9 Ryder Drive
10-12 Ryder Drive
13-15 Ryder Drive
16-18 Ryder Drive
19-21 Ryder Drive
22-27 Ryder Drive
28-31 Ryder Drive
36-43 Ryder Drive
1-8 Tralee Court
1-8 Woburn Court
1-17 Edenbridge Close
1-17 Gleneagles Close
1-17 Holywell Close
18-25 Holywell Close
1-17 Kingsdown Close
1-17 Muirfield Close
1-17 St Davids Close
1-17 Turnberry Close
1-19 Galway Close
1-19 St Andrews Close
1-19 Sunningdale Close
1-20 Birkdale Close
1-21 Belfry Close
1-21 Troon Close

<b>Street Properties</b>
1-15 Bamcote Grove
17-31 Bramcote Grove
1-2-20 Bramcote Grove
1-37 Ablett Street
1-19 Cranswick Road
2-22 Cranswick Road
1-19 Credon Road
22-30 Credon Road
42-54 redon Road

1-19 Delaford Road
12-26 Delaford Road
28-34 Delaford Road

11. The key work elements are as follows:

<b>Works</b>
Scaffolding (Access)
Roof works
Asphalt
Brickwork repairs
Windows
Doors
Sundry
Asbestos removal
External decorations

### **Policy Implications**

12. This scheme is designed to deal with works to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency.
13. Planning consent is required for the works being undertaken within this scheme. This was agreed on 17 January 2017 for the replacement of windows to all blocks (including 1 - 19 Delaford Road). It should be noted that the project slippage referred to in paragraph 9 will not affect the planning consent as this is valid for up to three years from agreement.
14. As part of the overall procurement process for this framework, Axis Europe Plc 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.
15. 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**

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

### **Mini competition Process**

17. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
18. 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.
19. All contractors listed on Lot 2 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 25 April 2017. The list of contractors invited is as follows:
  - Axis Europe Plc

- Durkan Ltd
- Keepmoat Regeneration Ltd
- Lakehouse Contracts Ltd
- Mears Ltd
- Mulalley & Co Ltd

20. All 6 contractors returned a tender.

**Mini-competition Evaluation**

21. The tenders were evaluated in line with the rules set out in the framework.
22. Representatives from Potter Raper Partnership (PRP) and 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.
23. 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.
24. The quality element of the submissions was assessed on a pass/fail basis.
25. 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
26. 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.
27. The results of the quality criteria assessments were as follows:

<b>Contractor</b>	<b>Pass/Fail</b>
Axis Europe Plc (Axis)	Pass
Durkan Ltd (Durkan)	Pass
Keepmoat Regeneration Ltd (Keepmoat)	Pass
Lakehouse Contracts Ltd (Lakehouse)	Pass
Mears Ltd (Mears)	Pass
Mulalley & Co Ltd (Mulalley)	Pass

28. 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.
29. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.

30. The council's consultant quantity surveyor has confirmed that the pricing has been checked in line with the framework's schedule of rates and confirmed that they are a combination of equal to and lower than the rates set out on the framework.
31. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is Axis Europe Plc.

#### **Plans for monitoring and management of the contract**

32. 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.
33. 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.
34. 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 2.
35. 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 PRP and cost management by PRP.
36. 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**

37. 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 15 April 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**

38. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team. These works are rechargeable to leaseholders.

## **Financial Implications**

39. 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.
40. The works identified in this report form part of the QHIP works. This will be funded from the 2016/17 QHIP budget to Bonamy Estate (Externals) QHIP works.

## **Legal Implications**

41. It is confirmed that this scheme falls under Lot 2 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**

42. Consultation meetings were held with residents on 8 September 2016 to discuss the scope of works in addition a further meeting was held on 9 November 2016.
43. The project has slipped from its original timetable due to a number of factors as outlined in paragraph 10, due to the delay with delivery of the project and the time since the previous resident consultation meeting, a fresh round of consultation was commenced in January 2018.
44. An update letter explaining the delay was sent to all residents within the scheme in early January 2018. A further resident consultation meeting to explain the delay and revised programme was carried out by the major works delivery team on 31 January 2018. In addition, a further leaseholders meeting will be held on 22 March 2018 to discuss their contributions.
45. The current resident consultation process is in line with putting residents first and includes consultation with the Bonamy T&RA as well as all estate residents affected.
46. Moving forward 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 to introduce the contractor. 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 project board (RPT) will be established to provide direct resident involvement with 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 (Ref H&M17/017)**

47. The report is requesting delegated approval from the Strategic Director of Housing and Modernisation to award the works entitled Bonamy Estate Quality Homes Investment

Programme 2016/17 via a mini-competition from the major works constructor framework to Axis Europe Plc for a period of 40 weeks.

**Director of Law and Democracy**

- 48. This report seeks the approval of the strategic director of housing and modernisation to the award of the Bonamy Estate QHIP 2016/17 'call-off' contract to Axis Europe Plc as further detailed in paragraph 1.
- 49. The value of the works is such that they are subject to taking all reasonable steps to obtain at least five tenders following a publicly advertised competitive tender process in accordance with contract standing orders (CSO) 4.3. However, paragraph 3 of this report confirms that in October 2015 a major works constructor framework was established, following an EU compliant tendering exercise, through which mini-competition procedures are undertaken under each of the four Lots.
- 50. It is confirmed at paragraph 18 that a mini-competition procedure was carried out for these works under Lot 2. Paragraph 31 confirms that on the basis of the mini-tender submitted and the evaluation process carried out, Axis Europe Plc is proposed as contractor for these works.
- 51. It is further confirmed at paragraph 4 that the decision to award works instructed through the major works constructor framework is reserved to the strategic director of housing and modernisation without the need for consideration of this report by his DCRB.
- 52. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 39-40 confirm the financial implications of this award.

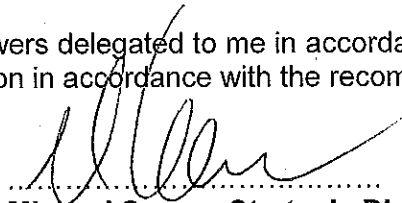
**Director of Exchequer (for housing contracts only)**

- 53. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
- 54. There are 56 leasehold properties, 8 freehold properties and 3 RTB applicants 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 15 December 2016 and the observation period expired on 18 January 2017.
- 55. Section 20 notices of proposal were served on 3 August 2017 and expired on 18 September 2017. There were 9 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.

**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 1 May 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.

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.

<b>2. REASONS FOR DECISION</b>
As set out in the report.

<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Not applicable.

<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION</b>

<b>5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST</b>
<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>

<b>6. DECLARATION ON CONFLICTS OF INTERESTS</b>
<b>I declare that I was informed of no conflicts of interests.*</b>
<b>or</b>
<b><del>I declare that I was informed of the conflicts of interests set out in Part B4.*</del></b>
(* - Please delete as appropriate)

## BACKGROUND DOCUMENTS

Title:	Held at	Contact
Major works project file	160 Tooley Street, SE1 2QH	Christie Wagg 020 7525 5484

## APPENDICES

Appendix number	Title of appendix
n/a	

## AUDIT TRAIL

<b>Lead Officer</b>	Ferenc Morath, Head of Investment		
<b>Report Author</b>	Christie Wagg, Contract Manager Design & Delivery (North Team)		
<b>Version</b>	Final		
<b>Dated</b>	12 April 2018		
<b>Key Decision</b>	Yes	<b>If yes, decision date on forward plan</b>	
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>	
Strategic Director of Finance and Governance	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Director of Exchequer	Yes	Yes	
Cabinet Member		n/a	
<b>Date final report sent to Constitutional Officer</b>		2 May 2018	