

Item No:	Classification: Open	Date: 30 October 2018	Decision Taker: Strategic Director of Housing and Modernisation
Report title	Gateway 2 – Major works constructor framework (Lot 1) Two Towers (Casby House & Lupin Point) QHIP 2016/2017		
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 Two Towers (Casby House & Lupin Point) QHIP 2016/2017 via a mini-competition from the major works constructor framework to Standage & Co. Ltd for a period of 35 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 the 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 concrete and brickwork repairs, external redecoration, glazing repair/renewals to private balconies, balcony floor repairs, fire ducting works, ventilation shaft repairs and extractor system renewal drainage works, asphalt repairs, rainwater goods, kitchen and bathroom replacements to serve the properties (tenanted and leasehold) omitted in previous contract and roof repairs.
6. Lot 1 is applicable to these works.
7. The duration of the works is 35 working weeks.
8. Works are expected to start on 7 January 2019 and complete on 6 September 2019.
9. These works were initially programmed to commence in August 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 as well as

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	05/10/2017
Mini competition invitation	15/11/2016
Closing date for return of tenders	09/01/2017
Tender Addendum issued	10/11/2017
Closing date for return of tender addendum	05/01/2018
Completion of evaluation of tenders	05/02/2018
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	18/05/2018
Notification of forthcoming decision – Five clear working days	01/11/2018
Approval of Gateway 2: Mini competition award report	12/11/2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/11/2018
Contract award	26/11/2018
Add to Contract Register	26/11/2018
Contract start	07/01/2019
Publication of award notice on Contracts Finder	07/01/2019
Contract completion date	06/09/2019

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. This scheme consists of works to 1-83 Casby House and 1-83 Lupin Point in the Bermondsey area. This includes 61 leasehold properties and 2 Right to Buy (RTB) applicant. The address details are as follows:

Block Address
1-83 Casby House, London SE16 4SX
1-83 Lupin Point, London SE1 2DW

11. The key work elements are as follows:

EXTERNAL WORKS
CONCRETE WORKS
KITCHENS
BATHROOM & WC
MECHANICAL & ELECTRICAL
ASBESTOS REMOVAL
DECORATIONS
GLAZING
ASPHALT
BRICKWORK REPAIRS
COMMUNAL LANDINGS
ACCESS
FIRE DUCTING WORKS
FRA TYPE 4 WORKS

Policy Implications

12. This scheme is designed to deal with work to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency and deliver the councils commitment to a quality kitchen and bathroom.
13. Planning consent is not required for works to Casby House and Lupin Point.
14. As part of the overall procurement process for this framework, Standage & Co. 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.
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 1 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 5 January 2018. The list of contractors invited is as follows:
 - Standage & Co. Ltd
 - Thomas Sinden Ltd
 - A& E Elkins Ltd
 - Saltash Enterprises Ltd
 - Niblock (Builders) Ltd
 - Architectural Decorations Ltd

Mini-competition Evaluation

20. The tenders were evaluated in line with the rules set out in the framework.
21. 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.
22. 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.
23. The quality element of the submissions was assessed on a pass/fail basis.
24. 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
25. 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.
26. The results of the quality criteria assessments were as follows:

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

*A&E Elkins Ltd initially failed

27. 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.
28. Post Grenfell tragic events, additional FRA works were added to the project. As a result a tender addendum for requested adjustments was issued on 19 November 2017. The tenders were returned on 5 January 2018.
29. Only 5 tenders were returned as Architectural Decorators Ltd confirmed that they would not be submitting a tender due to inability to confirm prices with their supply chain members within the tender return time.
30. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.
31. 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 and or lower than the rates set out on the framework.
32. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is Standage & Co. Ltd.

Plans for monitoring and management of the contract

33. 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.
34. 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.
35. 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.
36. 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 and cost management will be provided by PRP.
37. 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

38. 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

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

Financial Implications

40. 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.
41. The works identified in this report form part of the Housing Investment Capital programme. The total cost of these works will be funded from HRA resources.

Legal Implications

42. 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

43. Consultation meetings were held with residents on 27 June 2016, 6 July 2017, 11 October 2017 and 6 November 2017 to discuss the scope of works. In addition, a leaseholders meeting was held on 22 May 2017, and 13 June 2018 to discuss their 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.
44. 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&M18/044)

45. The report is requesting delegated approval from the Strategic Director of Housing and Modernisation to award the works contract entitled "Two Towers (Casby House & Lupin Point) QHIP 2016/2017" via a mini-competition from the major works

constructor framework to Standage & Co. Ltd.

46. Any variation or extension of the contract beyond the scope of this report will require further approval in line with the council's procurement protocols.

Head of Procurement

47. This report is seeking Strategic Director of Housing and Modernisation approval for a works contract following a mini competition from the Major Works Construction Framework (lot 1)
48. Paragraph 10 explains why these works have been delayed, a consequence of the tragic events at Grenfell Tower and the requirement for an addendum covering additional fire safety measures. As quality has been pre-assessed as a condition for entry onto the Major Works framework only price was evaluated for the purposes of this project. The consultant and council officers are satisfied that the recommended provider can deliver the required quality for the price detailed in the recommendation.
49. The monitoring and managing arrangements for this contract going forward are described in paragraphs 33 to 37 and should go some way towards ensuring delivery is on time and to the required standards.

Director of Law and Democracy

50. This report seeks the approval of the strategic director of housing and modernisation to the award of the Two Towers (Casby House & Lupin Point) QHIP 2016/2017 'call-off' contract to Standage & Co. Ltd as further detailed in paragraph 1.
51. 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.
52. It is confirmed at paragraph 18 that a mini-competition procedure was carried out for these works under Lot 1. Paragraph 32 confirms that on the basis of the mini-tender submitted and the evaluation process carried out, Standage & Co. Ltd is proposed as contractor for these works.
53. 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.
54. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved.

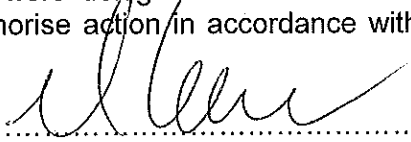
Director of Exchequer (for housing contracts only)

- 55. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
- 56. There are 61 leaseholders and 2 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 the original notices of intention were served 14 September 2016 and expired on 20 October 2016.
- 57. Section 20 notices of proposal were served on 18 May 2018 and expired on 17 August 2018. There were 11 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

8 November 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

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

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.

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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	Courtland Fletcher 020 7525 1145

APPENDICES

Appendix number	Title of appendix

AUDIT TRAIL

Lead Officer	Ferenc Morath, Head of Investment		
Report Author	Courtland Fletcher, Contract Manager		
Version	Final		
Dated	31 October 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	
Head of procurement	Yes	Yes	
Cabinet Member	N/a	N/a	
Date final report sent to Constitutional Officer			

