

item No:	Classification: Open	Date: 12 th November 2018	Decision Taker: Strategic Director of Housing & Modernisation
Report title	Gateway 2 – Major works constructor framework (Lot 1) Hidden Homes – Phase 4: Marchwood Close and Redbridge Gardens, Southampton Way, SE5 and Bentley House, Glebe Estate SE5		
Ward(s) or groups affected	St Giles Ward		
From	Director of Asset Management		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Hidden Homes works at Marchwood Close, Redbridge Gardens and Bentley House, contract via a mini-competition from the major works constructor framework to Saltash Enterprises Ltd for a period of 36 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 his 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 contractors ('partnering contractors') but more specifically undertakes works in contract areas 1 and 2 where the partnering contractors 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 now in place until 13 June 2020 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 the conversion of redundant spaces beneath Marchwood Close and Redbridge Gardens and a void roof space at Bentley House to create 4 residential units and a community facility for the use of the Southampton Way Estate T&RA.
6. Lot 1 is applicable to these works.

7. The duration of the works is 36 working weeks.
8. Works are expected to start on 17th December 2018 and complete on 26th September 2019.

Procurement project plan (Key Decision)

Activity	Completed /Complete by:
Forward Plan for this Gateway 2 decision	24/09/2018
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Mini competition invitation	11/04/2018
Closing date for return of tenders	23/05/2018
Completion of evaluation of tenders	08/06/2018
Notification of forthcoming decision – Five clear working days	12/11/2018
Approval of Gateway 2: Mini competition award report	20/11/2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	30/11/2018
Contract award	10/12/2018
Add to Contract Register	10/12/2018
Publication of award notice on Contracts Finder	10/12/2018
Contract start	17/12/2018
Contract completion date	26/09/2019

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to the ground floor of the blocks at Marchwood Close and Redbridge Gardens situated on the Southampton Way Estate and a void roof space at Bentley House situated on the Glebe Estate. The address details are as follows:

Block Address	Bed Spaces	Units
1-62 Marchwood Close, Southampton Way Estate, SE5 7HA	1	1
1-123 Redbridge Gardens, Southampton Way Estate, SE5 7HA	1	2
62-72 Bentley House, Glebe Estate, SE5 7NB	3	1

10. The key work elements

Conversion of ground floor void areas to provide 3 x 2 bedroomed homes and a community facility.
The conversion of a drying room roof space to provide 1 x 3 bed homes.
Constructing community facility in ground floor undercroft.

Policy Implications

11. This scheme is designed to deal with work to meet targets set in the council's New Homes Programme.
12. Planning consent is required for the works being undertaken within this scheme.
13. As part of the overall procurement process for this framework Saltash were 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.
14. This report confirms that this scheme is designed to comply with the council's design specification as included in the overall procurement process for the framework

Decent Homes

15. Once all works are completed under this scheme, all new properties will achieve the Government's Decent Homes Standard.

Mini competition Process

16. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
17. All contractors listed on Lot 1 were invited to participate in the mini-competition process with instructions to submit the tender by 1pm on 23 May 2018. The list of contractors invited is as follows:
 - Niblock (Builders) Ltd
 - A & E Elkins Ltd
 - Architectural Decorators Ltd
 - Saltash Enterprises Ltd
 - Standage & Co. Ltd
 - Thomas Sinden Ltd
18. 5 tenders were returned. Architectural Decorators Ltd did not submit a tender stating that they would not be able to deliver the works in the time stated within the Mini-Competition documentation.

Mini-competition Evaluation

19. The tenders were evaluated in line with the rules set out in the framework.
20. Representatives from Potter Raper Partnership (PRP) 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.

21. All tenders were required to complete and confirm that they meet the requirements set out in the checklist. The checklist was satisfactorily completed by all tenderers.
22. The quality element of the submissions was assessed on a pass/fail basis.
23. 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
24. 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.
25. The results of the quality criteria assessments were as follows:

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

26. 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.
27. Prices were sought from 6 contractors within this Lot 1.
28. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by Potter Raper Partnership (PRP).
29. 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 a combination of equal to or lower than the rates set out on the framework.
30. 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

31. 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.
32. 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.

33. It is confirmed that this framework contractor has had nil contracts terminated, nil mini-competition opportunity exclusions and they have not been removed from the framework for Lot 1.
34. 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, Calford Seaden LLP or Potter Raper Partnership. It is confirmed for this scheme that the lead design services and cost management by will be provided by Potter Raper
35. 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

36. 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 Potter Raper Partnership who were appointed on 25/01/2018. 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

37. As these works are improvements to the blocks they are not rechargeable to leaseholders. However leaseholders are consulted.

Financial Implications

38. Programme. Funding for the residential elements of these works will be funded from Section 106 monies and GLA grant funding
39. Funding for the works required to provide the community facility will be funded from the Communities Budget. The cost is provided at paragraph 11. The expenditure for the creation of the Tenants facility was approved by Cabinet on 18 March 2014, in response to a report entitled "Capital Monitoring Report for 2013/14 and Capital Programme Refresh for 2013/14 -2023/24. The report allocated £1m for the Creation of New Community Hubs, in locations that complements existing hubs. A project code for monitoring the community expenditure will be set up to allocate the expenditure on the New Facility to the Communities Division budget.

Legal Implications

40. 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

41. Consultation meetings were held with T&RA representatives and residents on 21

November 2017 on the Glebe Estate and on 24 October 2017 at the Southampton Way T&RA to discuss the works and the tenant's facility at Southampton Way. Affected residents, the T&RA and local councillors will be written to and advised of the commencement date of the works.

- 42. Further meetings will be held with resident representatives during the course of the works to provide updates and address any concerns that may arise.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M18/016)

- 43. financial implications sections details how the scheme will be funded. Any other costs connected to this project are to be funded from the existing departmental revenue budget.
- 44. It is noted that budgets will be transferred and re-profiled for effective monitoring and reporting of this project.
- 45. Any variation or extension to the contact beyond the scope of this report will require further approval in line with the Council's protocols.

Director of Law and Democracy

- 46. The legal implications are contained in the main body of this report.

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.



20 November 2018

Signature..... Date

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

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

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.

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)

APPENDICES

Appendix number	Title of appendix

AUDIT TRAIL

Lead Officer	Sonia Hamilton. Development Manager
Report Author	Geoff Dale. Project Manager
Version	Final

Dated	20/11/2018		
Key Decision	Yes	If yes, decision date on forward plan	November
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	n/a	
Date final report sent to Constitutional Officer	20 November 2018		

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Hidden Homes – Marchwood Close and Redbridge Gardens, Southampton Way, Bentley House, Glebe Estate SE5,
Contract Description	Hidden Homes – New build conversion
Contract Type	JCT Intermediate Building Contract with Contractor's Design 2011
Lead Contract Officer (name)	Geoff Dale
Lead Contract Officer (phone number)	020 7525 7340
Department	New Homes Development
Division	Asset Management
Procurement Route	'Call-off' Major Works Constructor Framework Lot 1
EU CPV Code (if appropriate)	N/A
Departmental/Corporate	Departmental
Fixed Price or Call Off	
Supplier(s) Name(s)	Saltash Ltd.
Contract Start Date	17/12/2018
Initial Term End Date	26/09/2019
No. of Remaining Contract extensions	0
Contract Review Date	N/A
Revised End Date	N/A
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	1977118
Comments	N/A
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.